CITY OF CAMILLA, GEORGIA
Financial Statements and
Supplementary Information
For the Fiscal Year Ended September 30, 2011

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Independent Auditor's Report

To the City Council
City of Camilla, Georgia

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Camilla, Georgia, as of and for the year ended September 30, 2011, 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 Camilla, Georgia's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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 and each major fund of the City of Camilla, Georgia as of September 30, 2011, and the respective changes in financial position and, cash flows, where applicable, and the respective budgetary comparison schedules for the general fund and special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2012, on my consideration of the City of Camilla, Georgia's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camilla, Georgia's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Nonprofit Organizations. The accompanying schedule of projects constructed with special sales tax proceeds if presented for purposes of additional analysis as required by the State of Georgia. Both schedules listed in this paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Richard L. Waters, CPA, PC
February 10, 2012

City of Camilla
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Camilla, it is our pleasure to present this narrative discussion and analysis of the City of Camilla's financial performance, providing an overview of the activities for the fiscal year ended September 30, 2011. This information is designed to be used in conjunction with the City's basic financial statements, and the accompanying notes to those financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City of Camilla's assets totaled $78.3 million, of which $54.4 million are capital assets.
- The City of Camilla has total liabilities of $30.8 million, of which $23.9 million are long-term liabilities.
- The total net assets for the City of Camilla exceeded its liabilities at September 30, 2011, by $47.5 million (reported as net assets). Of this amount $14.3 million (reported as unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. $29.6 million is invested in capital assets net of related debt.
- The total net assets for the City's Governmental activities exceed its liabilities by $19.1 million of which $7.7 million is unrestricted and can be spent at the discretion of the City Council.
- The governmental activities revenues and transfers exceeded expenditures by $1.9 million resulting in an increase of net assets from $17.2 million to $19.1 million.
- The City's business type activities revenues exceeded expenditures by $2.8 million resulting in an increase in net assets from $25.6 million to $28.4 million.

OVERVIEW of the FINANCIAL STATEMENTS

The City's annual financial report for the fiscal year ended September 30, 2011 marks the ninth year of reporting under the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussions & Analysis-for State and Local Governments issued June 1999. This new standard includes Government-wide statements along with Fund based financial statements. The primary role of the Statement of Net Assets and the Statement of Activities in the new government-wide financial statements is to demonstrate fiscal accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so. Whereas, fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year). Comparative information in the new reporting model is now available and is provided in the discussion and analysis.

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

Government-wide Financial Statements (Reporting the City as a Whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Camilla and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector businesses. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Assets** is to report all assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between its total assets and total liabilities is net assets. These net assets are one way to measures the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indication of whether its financial position is improving or deteriorating. You would need to consider other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The **Statement of Activities** presents the revenue and expenses of the City. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus revenues are reported even when they may not be collected until after the end of the accounting period and expenses are recorded even though they may not have been paid during the current period. The difference is described as change in net assets. The focus of the Statement of Activities is on the net cost of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, including police, fire, public works, community and economic development, planning and zoning, and general administration. Property taxes, sales tax, franchise fees, intergovernmental revenues, and fund transfers finance most of these activities.

Business – Type Activities – The City charges fees to customers to help it cover all or most of the costs of certain services it provides. The City's Water and Sewer, Gas, Electric, Cable, Telecom, Solid Waste and Airport facilities are reported here.

Component Unit – The City includes the Development Authority of the City of Camilla, Georgia in its report. Although legally separate, the City is financially accountable for it.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the ninth year that the City of Camilla has presented its financial statements under the new reporting model required by GASB Statement No. 34. This reporting model changes significantly both the recording and presentation of financial data. However, under this statement, the City is not required to restate prior periods for the purposes of providing comparative information. Government-wide information for fiscal years ending September 30, 2011, and September 30, 2010 are included in this report.

CITY OF CAMILLA
Net Assets
September 30, 2011

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 8,897,679	$ 11,219,234	$ 20,116,913
Non-current assets		3,814,469	3,814,469
Capital assets	12,626,316	41,802,059	54,428,375
Total assets	21,523,995	56,835,762	78,359,757
Current liabilities	920,960	5,945,176	6,866,136
Non-current liabilities	1,500,277	22,493,919	23,994,196
Total liabilities	2,421,237	28,439,095	30,860,332
Net Invested in capital assets, Net of related debt	11,365,908	18,406,900	29,772,808
Restricted for construction		209,241	209,241
Restricted for loan payments		1,485,195	1,485,195
Restricted for power generation		1,784,311	1,784,311
Unrestricted	7,736,850	6,511,020	14,247,870
Total net assets	$ 19,102,758	$ 28,396,667	47,499,425

CITY OF CAMILLA
Net Assets
September 30, 2010

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 6,797,147	$ 9,790,299	$ 16,587,446
Non-current assets	289,504	3,235,335	3,524,839
Capital assets	12,405,594	36,160,558	48,566,152
Total assets	19,492,245	49,186,192	68,678,437
Current liabilities	599,100	5,573,124	6,172,224
Non-current liabilities	1,658,053	17,980,731	19,638,784
Total liabilities	2,257,153	23,553,855	25,811,008
Net Invested in capital assets, Net of related debt	11,032,304	17,693,860	28,726,164
Restricted for construction		448,073	448,073
Restricted for loan payments		1,431,366	1,431,366
Restricted for power generation		1,146,341	1,146,341
Unrestricted	6,202,788	4,912,697	11,115,485
Total net assets	$ 17,235,092	$ 25,632,337	$ 42,867,429

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets exceed liabilities by $47,499,425 as of September 30, 2011 and by $42,867,429 as of September 30, 2010. Of these amounts, $19,102,758 and $17,235,092 came from governmental activities and $28,396,667 and $25,632,337 came from business-type activities as of September 30, 2011 and 2010, respectively.

The largest portion of the City's net assets, $29,772,808 or 62.68% as of September 30, 2011 and $28,726,164, or 67.01%, as of September 30, 2010, reflects its investments in capital assets (land, building, machinery and equipment, infrastructure and construction in progress), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets totaled $3,478,747 or 7.32% as of September 30, 2011 and $3,025,780 or 7.06% as of September 30, 2010. These amounts represent resources that are designated for construction projects, loan payments and power generation.

The remaining balance of $14,247,870 or 30.00% as of September 30, 2011 and $11,115,485 or 25.93% as of September 30, 2010 represents unrestricted net assets. This may be used to meet the City's obligations to citizens and creditors in accordance with the finance-related legal requirements.

At the end of fiscal year ended September 30, 2011, and September 30, 2010, the City reported positive balances in both categories of unrestricted net assets; $7,736,850 and $6,202,788 for its governmental activities and $6,927,502 and $4,912,697 in its business-type activities for these years, respectively.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City of Camilla, like other state and local governments, uses fund accounting to track specific resources and expenditures, either for management purposes or because of legal mandates. The City's funds are divided into two categories, governmental and proprietary, and use different accounting approaches.

Governmental Funds – Most of the City's basic services are reported in governmental funds, and are used to account for essentially the same functions as governmental activities in the government wide financial statements. However, governmental fund financial statements focus on the short-term view of the City's general governmental operations and the basic services it provides. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near term financing decisions. An analysis of the

balance sheet and the statement of revenues, expenditures and changes in fund balances reconciling the two statements is provided with each statement.

The City of Camilla has three major governmental funds, the General Fund, the Hotel/Motel Fund, the SPLOST Fund and a component unit the Development Authority.

The City of Camilla adopts an annual budget for its governmental funds. Budgetary comparison statements have been provided for these funds.

Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City maintains one type of proprietary fund, enterprise funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements, the accrual method.

The City of Camilla's enterprise funds are the same as its business-type activities but provide more detail and additional information such as cash flows. The City of Camilla has the following enterprise funds: Water and Sewer Fund, Electric Fund, Gas Fund, Solid Waste Fund, Airport Fund, Cable TV Fund, and Telecom Fund.

STATEMENT OF ACTIVITIES

Governmental activities during the fiscal year ended September 30, 2011 increased the City of Camilla's net asset by $1,867,666. Business-type activities during the same period increased net assets by $2,764,330. Total increase from all activities in net assets was $4,631,996.

The following Statement of Activities shows the revenues and expenses by activities for the City of Camilla as of September 30, 2011 and September 30, 2010. Total revenues and Transfers from governmental activities were $7,749,570 and $7,332,981 for September 30, 2011 and 2010, respectively while expenses totaled $5,881,904 and $5,749,721. Net transfers from business-type activities amounted to $4,999,145 or 55.48% for September 30, 2011 and $3,906,343 or 53.27% for September 30, 2010, of the total governmental activity funding. Property taxes of $863,289 or 11.14% for September 30, 2011 and $893,838 or 12.19% for September 30, 2010, was the next largest contributor to the funding. Business-type activities program revenue exceeded expenses by $7,063,475 and $7,649,257 for September 30, 2011 and 2010 respectively, before other revenues and transfers to support the governmental activities.

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CITY OF CAMILLA
Statements of Activities
For the year ended September 30, 2011

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$ 1,295,749	$ 41,120,192	$ 42,415,941
Operating grants & contributions	101,237		101,237
Capital grants & contributions	689,096	671,437	1,360,533
Total program revenue	2,086,082	41,791,629	43,877,711
GENERAL REVENUES			
Property taxes	863,289		863,289
Other taxes	463,675		463,675
Investment income	37,379	13,120	50,499
Gain (loss) on sale of assets			
Total general revenues	1,364,343	13,120	1,377,463
TRANSFERS	4,299,145	(4,299,145)	
TOTAL REVENUES & TRANSFERS	7,749,570	37,505,604	45,255,174
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	1,672,361		1,672,361
Public safety	2,445,062		2,445,062
Public works	1,375,681		1,375,681
Planning, zoning and housing	194,647		194,647
Economic development	118,413		118,413
Interest on long-term debt	75,740		75,740
Total governmental activities	5,881,904		5,881,904
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,047,194	2,047,194
Gas		17,239,460	17,239,460
Electric		11,124,782	11,124,782
CNS cable		2,855,212	2,855,212
Telecom		347,057	347,057
Solid waste		722,118	722,118
Airport		405,451	405,451
Total business-type activities		34,741,274	34,741,274
Total Expenses	5,881,904	34,741,274	40,623,178
Change in net assets	1,867,666	2,764,330	4,631,996
Net assets beginning of year	17,235,092	25,632,337	42,867,429
Net assets end of year	$ 19,102,758	$ 28,396,667	47,499,425

CITY OF CAMILLA
Statements of Activities
For the year ended September 30, 2010

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$ 1,061,872	$ 41,125,669	$ 42,187,541
Operating grants & contributions	101,203		101,203
Capital grants & contributions	825,818	1,248,406	2,074,224
Total program revenue	1,988,893	42,374,075	44,362,968
GENERAL REVENUES			
Property taxes	893,838		893,838
Other taxes	475,596		475,596
Investment income	68,311	(47,027)	21,284
Gain (loss) on sale of assets		1,230	1,230
Total general revenues	1,437,745	(45,797)	1,391,948
TRANSFERS	3,906,343	(3,906,343)	
TOTAL REVENUES & TRANSFERS	7,332,981	38,421,935	45,754,916
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	1,644,821		1,644,821
Public safety	2,356,192		2,356,192
Public works	1,370,007		1,370,007
Planning, zoning and housing	239,922		239,922
Economic development	57,368		57,368
Interest on long-term debt	81,411		81,411
Total governmental activities	5,749,721		5,749,721
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,003,844	2,003,844
Gas		17,933,726	17,933,726
Electric		10,632,661	10,632,661
CNS cable		2,692,879	2,692,879
Telecom		351,786	351,786
Solid waste		717,147	717,147
Airport		346,978	346,978
Total business-type activities		34,679,021	34,679,021
Total Expenses	5,749,721	34,679,021	40,428,742
Change in net assets	1,583,260	3,742,914	5,326,174
Net assets beginning of year	15,651,832	21,889,423	37,541,255
Net assets end of year	$ 17,235,092	$ 25,632,337	$ 42,867,429

Governmental Activities

Revenue from governmental activities totaled $7,749,570 for the year ending September 30, 2011 and $7,332,981 for the year ending September 30, 2010 with corresponding expenses for the same periods totaled $5,881,904 and $5,749,721. The following totals show the governmental revenue and expenses by source. Transfers from business-type activities funded the largest percentage of revenue, followed by property taxes and charges for services. General government, Public safety, and Public Works expenses accounted for 93.39% and 93.421% of the total expenses of the governmental activities, for the years ending September 30, 2011 and September 30, 2010.

Governmental Activities – Revenues by Source

	Sept. 30, 2011		Sept. 30, 2010	
	Amount	Percent	Amount	Percent
Charges for services	$ 1,295,749	16.72	$ 1,061,872	14.48
Operating grants & contributions	101,237	1.31	101,203	1.38
Capital grants - contributions	689,096	8.89	825,818	11.26
Property taxes	863,289	11.14	893,838	12.19
Other taxes	463,675	5.98	475,596	6.49
Investments income	37,379	0.48	68,311	0.93
Total	3,450,425	44.52	3,426,638	46.73
Transfers	4,299,145	55.48	3,906,343	53.27
	$ 7,749,570	100.00	$ 7,332,981	100.00

Governmental Activities – Expenses by Source

	Sept. 30, 2011		Sept. 30, 2010	
	Amount	Percent	Amount	Percent
General government	$ 1,672,361	28.43	$ 1,644,821	28.61
Public safety	2,445,062	41.57	2,356,192	40.98
Public works	1,375,681	23.39	1,370,007	23.83
Planning, zoning and housing	194,647	3.31	239,922	4.17
Economic development	118,413	2.01	57,368	1.00
Interest on long-term debt	75,740	1.29	81,411	1.41
	$ 5,881,904	100.00	$ 5,749,721	100.00

Business – Type Activities

Revenues from business-type activities totaled $37,505,604 and expenses were $34,741,274 for the fiscal year ending September 30, 2011 while revenues were $38,421,935 and expenses were $34,679,021 for the fiscal year ending September 30, 2010. The following table shows the business – type activities revenue and expenses by source. The Gas Fund accounted for the largest amount of revenue, followed by the Electric Fund and Water and Sewer Fund. These three funds accounted for 89.91% and 87.05% of total business – type revenues, for the fiscal years September 30, 2011 and 2010.

Expenses for the Gas Fund were the largest amount of the total expenses for the year, followed by the Electric Fund and the Water and Sewer Fund. These three funds accounted for 87.53% and 88.15% of the total expenses for business – type activities, for the fiscal years ending September 30, 2011 and 2010.

Business-type Activities – Revenue by Source

	Sept. 30, 2011		Sept. 30, 2010	
	Amount	Percent	Amount	Percent
Charges for Services:				
Water and sewer	$ 3,497,002	9.32	$ 3,422,039	8.91
Gas	18,590,036	49.57	19,457,893	50.64
Electric	14,075,925	37.53	13,824,906	35.98
CNS - cable	2,893,061	7.71	2,600,457	6.77
Telecom	1,054,402	2.81	828,965	2.16
Solid waste	831,753	2.22	839,519	2.18
Airport	178,013	0.48	151,890	0.40
	41,120,192	109.64	41,125,669	107.04
Other Revenues:				
Water and sewer	436,502	1.16	333,572	0.87
Gas	262,387	0.70	9,268	0.02
Electric	20,013	0.05	19,587	0.05
CNS - cable	(34,345)	(0.09)	(91,492)	(0.24)
Airport			931,674	2.43
	684,557	1.82	1,202,609	3.13
Transfers In (Out)				
Water and sewer	(545,045)	(1.45)	(523,541)	(1.36)
Gas	(803,577)	(2.14)	(976,726)	(2.54)
Electric	(1,811,581)	(4.83)	(2,120,315)	(5.52)
CNS - cable	(75,000)	(0.20)	(75,000)	(0.20)
Telecom	(1,049,305)	(2.80)	(272,184)	(0.71)
Solid waste	(132,257)	(0.35)	(143,698)	(0.37)
Airport	117,620	0.31	205,121	0.53
	(4,299,145)	(11.46)	(3,906,343)	(10.17)
Total Revenues	$ 37,505,604	100.00	$ 38,421,935	100.00

Business-type Activities – Expenses by Source

	Sept. 30, 2011		Sept. 30, 2010	
	Amount	Percent	Amount	Percent
Water and sewer	$ 2,047,194	5.89	$ 2,003,844	5.78
Gas	17,239,460	49.62	17,933,726	51.71
Electric	11,124,782	32.02	10,632,661	30.66
CNS -cable	2,855,212	8.22	2,692,879	7.77
Telecom	347,057	1.00	351,786	1.01
Solid waste	722,118	2.08	717,147	2.07
Airport	405,451	1.17	346,978	1.00
	$ 34,741,274	100.00	$ 34,679,021	100.00

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Camilla uses fund accounting to ensure compliance with management purposes or legal requirements.

General Fund: The General Fund is the chief operating fund of the City. At the end of the fiscal year September 30, 2011, the General Fund had a fund balance of $7,460,529, an increase of $1,487,016 for the year. Transfers from the business-type activities of $4,299,145 absorbed shortages in budgeted revenues and reduction in budget expenditures and allowed the City to realize this increase.

Actual revenue exceeded budgeted revenues by $338,304. An increase in charges for services, fines and forfeiture, interest income, other taxes, grants, and miscellaneous revenues contributed to this overage.

Budgeted expenditures exceeded actual expenditures by $220,842. Capital assets not purchased or constructed allowed the City to keep budget expenditures down. No department had expenditures over budget.

The fund balance of the Development Authority increased by $336,475 during the year. Budgeted revenues exceeded actual revenues by $2,475. Budgeted expenditures exceeded actual expenditures by $3,089 which was for debt service and economic development. The large increase in fund balance relates to the assumption of mortgages on certain real estate acquired in lieu of foreclosure.

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Business-Type Activities:

The enterprise funds include the City's Water and Sewer Fund, Electric Fund, Gas Fund, Solid Waste Fund, Airport Fund, Cable TV Fund, and Telecom Fund.

The total net assets of these funds are as follows:

	Balance Sept. 30, 2011	Balance Sept. 30, 2010	Change (Decrease)
Water & sewer	$ 14,030,821	$ 12,689,556	$ 1,341,265
Electric	11,279,292	10,119,717	1,159,575
Gas	3,644,853	2,835,467	809,386
Solid waste	80,932	103,554	(22,622)
Airport	3,497,526	3,607,344	(109,818)
Cable TV	(4,470,327)	(4,398,831)	(71,496)
Telecom	333,570	675,530	(341,960)
	$ 28,396,667	$ 25,632,337	2,764,330

The decrease in the Cable TV Fund is the result of a loss of $ 71,496 for fiscal year ending September 30, 2011. This fund is in its seventh year of operation and is still striving for market penetration. The General Fund did not provide a operating advance to fund this deficiency for fiscal year ending September 30, 2011.

Capital Assets:

The City of Camilla has invested $54,428,375 and $48,566,152 in capital assets (net of depreciation) as of September 30, 2011 and 2010, respectively. Capital assets include land, buildings, improvements, equipment and vehicles, infrastructure, facilities and construction in progress. Business-type activities account for 76.80% and 74.46% of this investment while 23.20% and 25.54% is related to governmental activities for these fiscal years.

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CITY OF CAMILLA
Capital Assets (Net of Depreciation)
As of September 30, 2011

Capital assets are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land	$ 721,807	$ 1,351,673	$ 2,073,480
Buildings	7,519,822	1,345,651	8,865,473
Improvements	1,561,160	98,650	1,659,810
Equipment and vehicles	2,589,463	2,055,930	4,645,393
Infrastructure	10,817,322		10,817,322
Facilities		43,672,673	43,672,673
Construction in progress	158,203	7,565,957	7,724,160
	23,367,777	56,090,534	79,458,311
Accumulated depreciation	10,741,461	14,288,475	25,029,936
	$ 12,626,316	$ 41,802,059	$ 54,428,375

CITY OF CAMILLA
Capital Assets (Net of Depreciation)
As of September 30, 2010

Capital assets are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land	$ 721,807	$ 1,351,673	$ 2,073,480
Buildings	7,507,002	1,345,651	8,852,653
Improvements	1,561,160	98,650	1,659,810
Equipment and vehicles	2,512,199	2,007,071	4,519,270
Infrastructure	9,667,786		9,667,786
Facilities		42,694,941	42,694,941
Construction in progress	565,472	1,695,184	2,260,656
	22,535,426	49,193,170	71,728,596
Accumulated depreciation	10,129,832	13,032,612	23,162,444
	$ 12,405,594	$ 36,160,558	$ 48,566,152

Additional information on the City of Camilla's capital assets can be found in Note 3 of this report.

Debt Administration

The City of Camilla's long-term debt consists of revenue bonds, mortgages payable, notes payable and capital leases.

As of September 30, 2011, the City had $1,556,662 of long-term debt related to Governmental Activities and $23,415,885 of long-term debt related to business-type activities for a total of $24,972,547. Previous year's total was $20,431,061. This is a increase of $4,541,546. New debt was incurred in the amount of $6,510,156 in the fiscal year. This was a SRF Loan in the water and sewer fund for a wastewater treatment facility.

CITY OF CAMILLA
Long – Term Debt
As of September 30, 2011

	Governmental Activities	Business-Type Activities	Total
Leases	$ 1,171,629	$ 1,939,563	$ 3,111,192
Mortgages	385,033		385,033
Notes payable		15,586,322	15,586,322
Bonds payable		5,890,000	5,890,000
	$ 1,556,662	$ 23,415,885	$ 24,972,547

CITY OF CAMILLA
Long – Term Debt
As of September 30, 2010

	Governmental Activities	Business-Type Activities	Total
Leases	$ 1,220,587	$ 2,314,948	$ 3,535,535
Mortgages	481,064		481,064
Notes payable		10,184,402	10,184,402
Bonds payable		6,230,000	6,230,000
	$ 1,701,651	$ 18,729,350	$ 20,431,001

The revenue bonds issued in April 2005 and outstanding at September 30, 2011, were rated "AAA" by Standards and Poor's.

Additional information on the City's long-term debt can be found in Note 4 in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and Council of the City of Camilla considered various factors when approving the City's fiscal year September 30, 2012 budget. Present economic conditions and the effect on its citizens resulted in choosing to stabilize transfers from business-type activities to governmental activities, rather than a small tax increase.

Factors considered during the preparation of the budget for fiscal year 2012 included the following:

1. Use of grants and SPLOST fund for various projects.
2. Review of health insurance coverage to stabilize cost to City.
3. The volatility in fuel costs for operations.
4. Expansion of cable television system and telecommunication system to increase market share.
5. Continued safety awareness and training to reduce insurance costs.
6. Minimum salary increases were implemented.
7. Capital expenditures were postponed.
8. Increase in user fees.
9. Evaluation of economic conditions on utility customers and lessors of property.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Camilla's finances and to demonstrate the City's accountability for the money it owes. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the City of Camilla, Finance Director, P.O. Box 328, Camilla, Georgia 31730.

CITY OF CAMILLA, GEORGIA
Statement of Net Assets
September 30, 2011

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current Assets:			
Cash	$ 4,570,736	$ 4,052,190	$ 8,622,926
Investments:			
MEAG Municipal Competitive Trust - Flexible Operating Account		5,225,113	5,225,113
South Georgia Governmental Services Authority		663,171	663,171
Receivables (Net):			
Taxes	12,206		12,206
Accounts	20,179	3,702,971	3,723,150
Other governments	345,668		345,668
Interest		12,156	12,156
Grants		163,953	163,953
Other	3,369		3,369
Internal balances	3,180,427	(3,180,427)	
Inventories	741,476	15,866	757,342
Prepaid expenses	23,618		23,618
Restricted assets:			
Cash		564,241	564,241
Total Current Assets	8,897,679	11,219,234	20,116,913
Noncurrent Assets:			
Restricted assets:			
Cash		1,130,195	1,130,195
MEAG Municipal Competitive Trust - New Generation Account		1,784,311	1,784,311
Deferred charge - bond issue cost (net)		249,751	249,751
Prepaid electricity		650,212	650,212
Capital Assets:			
Nondepreciable	880,010	8,917,630	9,797,640
Depreciable (net)	11,746,306	32,884,429	44,630,735
Total Noncurrent Assets	12,626,316	45,616,528	58,242,844
Total Assets	$ 21,523,995	$ 56,835,762	$ 78,359,757
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 521,482	$ 2,730,677	$ 3,252,159
Accrued salaries and vacation pay		47,247	47,247
Accrued interest		142,780	142,780
Sales tax		225,797	225,797
Customer deposits	242,958	737,052	980,010
Capital leases	50,183	398,536	448,719
Notes, mortgages and revenue bonds payable	106,337	1,663,087	1,769,424
Total Current Liabilities	920,960	5,945,176	6,866,136
Noncurrent Liabilities:			
Vacation Pay	100,135		100,135
Capital leases	1,121,446	1,541,027	2,662,473
Notes, mortgages and revenue bonds payable	278,696	19,813,235	20,091,931
Premium on revenue bonds (net)		187,515	187,515
Customer deposits and debt reserve		952,142	952,142
Total Noncurrent Liabilities	1,500,277	22,493,919	23,994,196
Total Liabilities	2,421,237	28,439,095	30,860,332
NET ASSETS			
Investment in capital assets, net of related debts	11,365,908	18,406,900	29,772,808
Restricted for construction		209,241	209,241
Restricted for loan payments		1,485,195	1,485,195
Restricted for power generation		1,784,311	1,784,311
Unrestricted	7,736,850	6,511,020	14,247,870
Total Net Assets	19,102,758	28,396,667	47,499,425
Total Liabilities and Net Assets	$ 21,523,995	$ 56,835,762	$ 78,359,757

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

CITY OF CAMILLA, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental activities	Net (Expenses) Revenues and Changes in Net Assets: Business-type activities	Net (Expenses) Revenues and Changes in Net Assets: Total
Governmental activities:							
General government	$ 1,672,361	$ 584,925	$ 37,071	$ 75,536	$ (974,829)	$	$ (974,829)
Public safety	2,445,062	501,022	666		(1,943,374)		(1,943,374)
Public works	1,375,681	159,634		613,560	(602,487)		(602,487)
Planning, zoning and housing	194,647	50,168	63,500		(144,479)		(144,479)
Economic development	118,413				(54,913)		(54,913)
Interest on long term debt	75,740				(75,740)		(75,740)
Total Governmental Activities	5,881,904	1,295,749	101,237	689,096	(3,795,822)		(3,795,822)
Business-type activities:							
Water and sewer	2,047,194	3,497,002		421,748		1,871,556	1,871,556
Gas	17,239,460	18,590,036		249,689		1,600,265	1,600,265
Electric	11,124,782	14,075,925				2,951,143	2,951,143
CNS cable	2,855,212	2,893,061				37,849	37,849
Telecom	347,057	1,054,402				707,345	707,345
Solid waste	722,118	831,753				109,635	109,635
Airport	405,451	178,013				(227,438)	(227,438)
Total Business-Type Activities	34,741,274	41,120,192		671,437		7,050,355	7,050,355
Total Government	$ 40,623,178	$ 42,415,941	$ 101,237	$ 1,360,533			
General Revenue:							
Property taxes					863,289		863,289
Other taxes					463,675		463,675
Investment income (loss)					37,379	13,120	50,499
Transfers					4,299,145	(4,299,145)	
Total General Revenue and Transfers					5,663,488	(4,286,025)	1,377,463
Change in net assets					1,867,666	2,764,330	4,631,996
Net assets beginning of year					17,235,092	25,632,337	42,867,429
Net assets end of year					$ 19,102,758	$ 28,396,667	$ 47,499,425

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

CITY OF CAMILLA, GEORGIA
BALANCE SHEET
Governmental Funds
September 30, 2011

	General Fund	Capital Project Fund	Special Revenue Funds		Total Governmental Funds
		SPLOST	Hotel/Motel Tax	Development Authority	
ASSETS					
Cash	$ 4,563,743	$	$	$ 6,993	$ 4,570,736
Receivables (net):					
Taxes	12,206				12,206
Accounts	20,179				20,179
Other governments	345,668				345,668
Other	3,369				3,369
Advances to other funds	3,718,158				3,718,158
Inventories	20,040			721,436	741,476
Prepaid expenses	23,618				23,618
Total Assets	$ 8,706,981	$	$	$ 728,429	$ 9,435,410
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 521,482	$	$	$	$ 521,482
Advances from other funds	482,012			55,719	537,731
Customer deposits	242,958				242,958
	1,246,452			55,719	1,302,171
Fund Balances:					
Nonspendable	3,706,098			721,436	4,427,534
Committed	55,611				55,611
Assigned	378,459				378,459
Unassigned	3,320,361			(48,726)	3,271,635
	7,460,529			672,710	8,133,239
Total Liabilities and Fund Balances	$ 8,706,981	$	$	$ 728,429	$ 9,435,410

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

CITY OF CAMILLA, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2011

Total fund balance – governmental funds		$ 8,133,239
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	$ 23,367,777	
Less accumulated depreciation	10,741,461	12,626,316
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases	$ (1,171,629)	
Mortgages payable	(385,033)	
Accrued vacation pay	(100,135)	(1,656,797)
Net assets of governmental activities		$19,102,758

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
September 30, 2011

	General Fund	Capital Project Fund SPLOST	Special Revenue Funds Hotel/Motel Tax	Special Revenue Funds Development Authority	Total Governmental Funds
Revenues:					
Property taxes	$ 863,289	$	$	$	$ 863,289
Other taxes	446,315		17,360		463,675
Licenses and permits	228,832				228,832
Charges for services	275,211				275,211
Fines and forfeitures	503,534				503,534
Interest income	34,299			3,080	37,379
Intergovernmental	264,830	462,003			726,833
Building & land rental	263,690			1,950	265,640
Miscellaneous revenues	25,044			72,998	98,042
Total Revenues	2,905,044	462,003	17,360	78,028	3,462,435
Expenditures:					
Current:					
General Government	1,514,767	45,322			1,560,089
Public Safety	2,346,320				2,346,320
Public Works	1,394,921	416,681			1,811,602
Planning, zoning and housing	202,809				202,809
Economic development	83,977		17,360	17,076	118,413
Debt service:					
Principal	112,883			38,566	151,449
Interest	63,996			11,744	75,740
Total Expenditures	5,719,673	462,003	17,360	67,386	6,266,422
Excess (deficiency) of revenues over expenditures	(2,814,629)			10,642	(2,803,987)
Other financing sources (uses):					
Abandoned capital lease				325,323	325,323
Sale of capital assets	2,500				2,500
Transfers in	4,425,261				4,425,261
Transfers out	(126,116)				(126,116)
Total other financing sources (uses)	4,301,645			325,323	4,626,968
Net change in fund balances	1,487,016			335,965	1,822,981
Fund balances beginning of year	5,973,513			336,745	6,310,258
Fund balances end of year	$ 7,460,529	$	$	$ 672,710	$ 8,133,239

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

CITY OF CAMILLA, GEORGIA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2011

Net changes in fund balances – governmental funds		$ 1,822,981
Amounts reported for governmental activities on the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is expensed over their estimated useful lives as depreciation.		
Capital outlays	$ 881,432	
Depreciation expense	(655,698)	225,734
Mortgage and Capital Lease proceeds and assumptions are current financial resources to governmental funds. Repayments of these debts are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net assets.		
Repayment of principal	$ 151,449	
Assumption of mortgage	(325,323)	(173,874)
The collection of principal payments under a direct financing lease arrangement is a revenue in governmental funds but is a reduction of non-current receivables in the statement of net assets.		
Principal payments received – direct financing lease		(9,498)
The net effect of various transactions involving capital assets (i.e. sales and trade-ins) is to reduce net assets		(5,011)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		7,334
Change in net assets of governmental activities		$ 1,867,666

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended September 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Property taxes	$ 905,000	$ 905,000	$ 863,289	$ (41,711)
Other taxes	414,000	414,000	446,315	32,315
Licenses and permits	216,850	216,850	228,832	11,982
Charges for services	280,000	280,000	275,211	(4,789)
Fines and forfeitures	345,400	345,400	503,534	158,134
Interest income	25,000	25,000	34,299	9,299
Intergovernmental	34,000	34,000	264,830	230,830
Rental	268,300	268,300	263,690	(4,610)
Miscellaneous revenues	15,000	15,000	25,044	10,044
Total Revenues	2,503,550	2,503,550	2,905,044	401,494
Expenditures:				
Current:				
General government	1,624,220	1,624,220	1,514,767	(109,453)
Public safety	2,385,810	2,385,810	2,346,320	(39,490)
Public works	1,373,100	1,373,100	1,394,921	21,821
Planning, zoning and housing	227,375	227,375	202,809	(24,566)
Economic development	88,320	88,320	83,977	(4,343)
Debt service:				
Principal	113,500	113,500	112,883	(617)
Interest	65,000	65,000	63,996	(1,004)
Total Expenditures	5,877,325	5,877,325	5,719,673	(157,652)
Excess (deficiency) of revenues over expenditures	(3,373,775)	(3,373,775)	(2,814,629)	559,146
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	2,500	(2,500)
Transfers in	3,728,500	3,728,500	4,425,261	696,761
Transfers out	(358,765)	(358,765)	(126,116)	232,649
	3,374,735	3,374,735	4,301,645	926,910
Net change in fund balance	960	960	1,487,016	$ 1,486,056
Fund balance beginning of year	5,973,513	5,973,513	5,973,513	
Fund balance end of year	$ 5,974,473	$ 5,974,473	$ 7,460,529	

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Hotel/Motel Tax Fund
for the year ended September 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Hotel/Motel tax	$ 18,000	$ 18,000	$ 17,360	$ (640)
Expenditures:				
Economic development	18,000	18,000	17,360	(640)
Excess (deficiency) of revenues over expenditures				
Net change in fund balance				
Fund balance beginning of year				
Fund balance end of year	$	$	$	$

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Development Authority of the City of Camilla (Component Unit)
For the year ended September 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Interest income	$ 13,000	$ 3,000	$ 3,080	$ 80
Rental	975	1,950	1,950	
Principal received on direct financing lease	37,500	12,000	9,498	(2,502)
Contributions - Land		63,500	63,500	
Total Revenues	51,475	80,450	78,028	(2,422)
Expenditures:				
Economic development	975	18,975	17,076	(1,899)
Debt Service:				
Principal	37,500	39,500	38,566	(934)
Interest	13,000	12,000	11,744	(256)
Total Expenditures	51,475	70,475	67,386	(3,089)
Excess (deficiency) of revenues over expenditures		9,975	10,642	667
Other financing sources:				
Abandoned capital lease		325,000	325,323	323
Net change in fund balance		334,975	335,965	$ 990
Fund Balance beginning of year	336,745	336,745	336,745	
Fund Balance end of year	$ 336,745	$ 671,720	$ 672,710	

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

CITY OF CAMILLA, GEORGIA
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business - Type Activities - Enterprise Funds							
	Water and Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
ASSETS								
Current Assets:								
Cash	$ 1,758,753	$ 1,120,437	$ 1,173,000	$	$	$	$	$ 4,052,190
Investments								
MEAG Municipal Competitive Trust - Flexible Operating Acct			5,225,113					5,225,113
South Georgia Governmental Services Authority				663,171				663,171
Receivables (Net):								
Accounts	294,451	1,543,778	1,394,860	250,779	145,624	69,587	3,892	3,702,971
Interest	1,483	541	194	9,938				12,156
Grants	163,953							163,953
Advances to other funds		482,012						482,012
Inventories							15,866	15,866
Restricted Assets:								
Cash	1,000			563,241				564,241
Total Current Assets	2,219,640	3,146,768	7,793,167	1,487,129	145,624	69,587	19,758	14,881,673
Noncurrent Assets:								
Restricted Assets								
Cash	675,627			454,568				1,130,195
MEAG Municipal Competitive Trust - New Generation Account			1,784,311					1,784,311
Prepayments and Deferred Charges:								
Bond Issue Cost (net)				249,751				249,751
Prepaid Electricity			650,212					650,212
Capital Assets:								
Land	1,225,703	40,479	14,640				70,851	1,351,673
Improvements		19,000	79,650					98,650
Buildings	866,248	42,918	44,518				391,967	1,345,651
Equipment and vehicles	388,155	342,976	668,178	314,762		245,627	96,232	2,055,930
Facilities	26,159,802	5,123,685	2,206,657	5,598,940	749,137		3,834,452	43,672,673
Construction in progress	7,416,258		119,691				30,008	7,565,957
Accumulated depreciation	(7,851,500)	(1,077,132)	(1,088,665)	(2,625,179)	(530,857)	(180,197)	(934,945)	(14,288,475)
Net Capital Assets	28,204,666	4,491,926	2,044,669	3,288,523	218,280	65,430	3,488,565	41,802,059
Total Assets	$ 31,099,933	$ 7,638,694	$ 12,272,359	$ 5,479,971	$ 363,904	$ 135,017	$ 3,508,323	$ 60,498,201
LIABILITIES								
Current Liabilities:								
Accounts payable	$ 448,176	$ 1,163,214	$ 891,340	$ 147,149	$ 20,751	$ 51,749	$ 8,298	$ 2,730,677
Advances from other funds				3,662,439				3,662,439
Accrued interest	69,915	10,517		62,348				142,780
Accrued salaries and vacation pay	12,557	7,690	21,552	682		2,336	2,430	47,247
Sales tax		143,977	80,175	165	1,411		69	225,797
Customer deposits		728,880			8,172			737,052
Capital leases		398,536						398,536
GEFA loans	342,058							342,058
State revolving loans	966,029							966,029
Revenue bonds				355,000				355,000
Total Current Liabilities	1,838,735	2,452,814	993,067	4,227,783	30,334	54,085	10,797	9,607,615
Noncurrent liabilities:								
Capital leases		1,541,027						1,541,027
GEFA loans	2,501,493							2,501,493
State revolving loans	11,776,742							11,776,742
Revenue bonds				5,535,000				5,535,000
Bond premium (net)				187,515				187,515
Customer deposit and debt reserve	952,142							952,142
Total Noncurrent Liabilities	15,230,377	1,541,027		5,722,515				22,493,919
Total Liabilities	17,069,112	3,993,841	993,067	9,950,298	30,334	54,085	10,797	32,101,534
NET ASSETS								
Investment in capital assets, net of related debt	12,618,344	2,552,363	2,044,669	(2,580,751)	218,280	65,430	3,488,565	18,406,900
Restricted for construction	1000			208,241				209,241
Restricted for loan payments	675,627			809,568				1,485,195
Restricted for power generation			1,784,311					1,784,311
Unrestricted	735,850	1,092,490	7,450,312	(2,907,385)	115,290	15,502	8,961	6,511,020
Total Net Assets	14,030,821	3,644,853	11,279,292	(4,470,327)	333,570	80,932	3,497,526	28,396,667
Total Liabilities and Net Assets	$ 31,099,933	$ 7,638,694	$ 12,272,359	$ 5,479,971	$ 363,904	$ 135,017	$ 3,508,323	$ 60,498,201

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
for the year ended September 30, 2011

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Operating Revenues:								
Charges for services	$ 2,062,758	$ 18,044,008	$ 12,843,672	$ 2,726,950	$ 1,048,446	$ 815,389	$ 167,253	$ 37,708,476
Sewer surcharges	340,676							340,676
Availability charges	1,032,361	516,722						1,549,083
MEAG discretionary income			1,009,283					1,009,283
Rental	19,886		82,649	132,995			10,760	246,290
Miscellaneous	41,321	29,306	140,321	33,116	5,956	16,364		266,384
Total Operating Revenue	3,497,002	18,590,036	14,075,925	2,893,061	1,054,402	831,753	178,013	41,120,192
Operating Expenses:								
Personnel services	395,911	149,283	448,140	4,368		41,858	99,546	1,139,106
Contractual services	266,753	32,083	24,809	66,009	6,418	1,974	32,601	430,647
Cost of sales and services		16,658,848	10,323,746	1,855,748	261,137	631,615	126,263	29,857,357
Repairs	270,126	30,793	53,454	87,256	1,350	7,788	10,851	461,618
Material and supplies	90,946	75,961	95,072	50,463	7,912		5,905	326,259
Rental	16,679	8,358	2,576	76,607				104,220
Warehouse expense	12,029	12,001	11,999	12,855			6,500	55,384
Bad debts	23,514	6,204	51,836	92,668	7,042	9,543	644	191,451
Depreciation	567,820	108,406	84,420	296,885	62,923	16,415	118,994	1,255,863
Other	38,795	18,208	28,730	32,110		12,925	4,147	134,915
Total Operating Expenses	1,682,573	17,100,145	11,124,782	2,574,969	346,782	722,118	405,451	33,956,820
Operating Income (loss)	1,814,429	1,489,891	2,951,143	318,092	707,620	109,635	(227,438)	7,163,372
Nonoperating revenues (expenses):								
Investment income (Loss)	14,754	12,698	20,013	(34,345)				13,120
Interest expense	(364,621)	(139,315)		(250,186)	(275)			(754,397)
Amortization - Bond Issue Cost				(30,057)				(30,057)
Total nonoperating revenue (expenses)	(349,867)	(126,617)	20,013	(314,588)	(275)			(771,334)
Income (loss) before grants, contributions, and transfers	1,464,562	1,363,274	2,971,156	3,504	707,345	109,635	(227,438)	6,392,038
Capital grants and contributions	421,748	249,689						671,437
Transfers in							126,116	126,116
Transfers out	(545,045)	(803,577)	(1,811,581)	(75,000)	(1,049,305)	(132,257)	(8,496)	(4,425,261)
Change in net assets	1,341,265	809,386	1,159,575	(71,496)	(341,960)	(22,622)	(109,818)	2,764,330
Net assets beginning of year	12,689,556	2,835,467	10,119,717	(4,398,831)	675,530	103,554	3,607,344	25,632,337
Net assets end of year	$ 14,030,821	$ 3,644,853	$ 11,279,292	$ (4,470,327)	$ 333,570	$ 80,932	$ 3,497,526	$ 28,396,667

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

CITY OF CAMILLA, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2011

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Cash flows from operating activities:								
Receipts from customers	$ 3,450,647	$ 18,486,362	$ 13,148,382	$ 2,960,278	$ 1,324,285	$ 816,432	$ 181,660	$ 40,368,046
Payments to suppliers	(712,893)	(16,754,369)	(10,461,096)	(2,422,935)	(280,661)	(658,513)	(171,417)	(31,461,884)
Payments to employees	(396,390)	(145,877)	(446,457)	(4,217)		(42,026)	(98,753)	(1,133,720)
Other operating receipts	41,321	29,306	140,321	33,116	5,956	16,364		266,384
Net cash provided (used) by operating activities	2,382,685	1,615,422	2,381,150	566,242	1,049,580	132,257	(88,510)	8,038,826
Cash flows from noncapital financing activities:								
Transfers (to) from other funds	(545,045)	(803,577)	(1,811,581)	(75,000)	(1,049,305)	(132,257)	117,620	(4,299,145)
Advances (to) from other funds		27,110		(37,540)				(10,430)
Net cash provided (used) by noncapital financing activities	(545,045)	(776,467)	(1,811,581)	(112,540)	(1,049,305)	(132,257)	117,620	(4,309,575)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(6,985,524)	(274,689)	(198,255)					(7,509,256)
Principal paid on capital leases		(375,385)					(50,788)	(375,385)
Principal paid on GEFA loans	(326,598)							(326,598)
Principal paid on State revolving loans	(781,637)							(781,637)
Principal paid on Revenue bonds				(340,000)				(340,000)
Customer payments into debt reserve	82,280						21,678	103,958
Proceeds from state revolving loans	6,510,156							6,510,156
Capital grants and contributions	284,575	249,689						534,264
Interest paid	(371,178)	(141,337)		(265,493)	(275)			(778,283)
Net cash provided (used) by capital and related financing activities	(1,587,926)	(541,722)	(198,255)	(605,493)	(275)		(29,110)	(2,962,781)
Cash flows from investing activities:								
Investment in Authority				(53,869)				(53,869)
Interest and investment receipts	18,936	12,636	20,806	13,892				66,270
Net cash provided (used) by investing activities	18,936	12,636	20,806	(39,977)				12,401
Net increase (decrease) in cash and cash equivalents	268,650	309,869	392,120	(191,768)				778,871
Cash and cash equivalents beginning of year	2,166,730	810,568	6,005,993	1,209,577				10,192,868
Cash and cash equivalents end of year	$ 2,435,380	$ 1,120,437	$ 6,398,113	$ 1,017,809	$	$	$	$ 10,971,739

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

CITY OF CAMILLA, GEORGIA
Statement of Cash Flows
Proprietary Funds
for the year ended September 30, 2011

	Business-Type Activities - Enterprise Funds							
	Water and Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	$ 1,814,429	$ 1,489,891	$ 2,951,143	$ 318,092	$ 707,620	$ 109,635	$ (227,438)	$ 7,163,372
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	567,820	108,406	84,420	296,885	62,923	16,415	118,994	1,255,863
(Increase) decrease in accounts receivable	(5,034)	(803,248)	(149,252)	100,333	275,444	1,043	3,647	(577,067)
(Increase) decrease in inventories							14,818	14,818
(Increase) decrease in prepaid electricity			67,608					67,608
(Increase) decrease in Restricted Investments			(637,970)					(637,970)
Increase (decrease) in operating accounts payable	5,949	39,909	54,611	(149,181)	2,930	5,332	985	(39,465)
Increase (decrease) in accrued expenses	(479)	3,406	1,683	151		(168)	793	5,386
Increase (decrease) in sales tax payable		48,178	8,907	(38)	268		(309)	57,006
Increase (decrease) in customer deposits		728,880			395			729,275
Net cash provided (used) by operating activities	$ 2,382,685	$ 1,615,422	$ 2,381,150	$ 566,242	$ 1,049,580	$ 132,257	$ (88,510)	$ 8,038,826
Non-cash investing, capital and financing activities:								
Appreciation (depreciation) in investments included in income	$	$	$	$ (56,684)	$	$	$	$ (56,684)
Amortization bond premium				(15,307)				(15,307)
Capital Asset purchases included in year end accounts payable	409,236		14,862					424,098
	$ 409,236	$	$ 14,862	$ (71,991)	$	$	$	$ 352,107

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

1. PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY

The City's financial statements include the accounts of all City operations as well as the accounts of its component unit. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Based on the aforementioned criteria, the operations and accounts of the Development Authority of the City of Camilla, Georgia are included as part of the City's reporting entity as a component unit. The financial statements of the Development Authority are maintained as a special revenue fund and are combined with those for the Governmental activities and are shown on pages 19 and 21 of this report in the Development Authority column. The Authority does not issue separate annual financial statements on its' operations. See note 16 for further discussion concerning the Development Authority of the City of Camilla.

The following units are not component units of the City and their operations are not included in this report:

Mitchell County Library
Camilla Chamber of Commerce
Downtown Camilla Development Authority
Camilla Housing Authority

Transactions with these units, if any, are based on contractual agreements and have been budgeted as a part of the regular operations of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of the City of Camilla, Georgia conform to generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"), in conjunction with the Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989. The City has not implemented private sector guidance issued after this date.

The accompanying summary of the City of Camilla's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The following policies should be viewed as an integral part of the accompanying financial statements.

Financial Statement Presentation

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its' implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 took effect for entities the size of the City of Camilla during the fiscal year ending September 30, 2003. One of the changes required by GASB 34 is the presentation of current and accumulated depreciation by activity including the recording and presentation of infrastructure assets. Another important change is the requirement to present original adopted budgets as well as the final amended budgets in the budgetary comparison statements.

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has elected to have all funds, including its component unit, treated as major funds for this report.

Fund Financial Types

The accounts of City of Camilla, Georgia are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. In this report the various funds are grouped into the following fund types:

Governmental Fund Types

General Fund – to account for the general operations of the City, including all financial transactions not required to be accounted for in another fund.

Special Revenue Funds – to account for grant receipts and other receipts where the funds are required by law or contract to be segregated or where expenditures are restricted. For 2010, the Development Authority of the City of Camilla, Georgia, a component unit, and the Hotel/Motel Tax Fund are the City's only Special Revenue Funds.

Capital Projects Fund – The SPLOST Fund showing the City's receipts and expenditures of special local option sales tax amounts is reported as a Capital Projects Fund as required by the Georgia uniform chart of accounts.

Proprietary Fund Types (Business Type – Activities)

Enterprise Funds – to account for activities that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing services on a continuing basis be recovered through user charges. The City's Enterprise Funds are as follows:

Water and Sewer System – Provides residential and commercial water and sewer service
Gas System – Provides residential and commercial natural gas service
Electric System – Provides residential and commercial electricity service
CNS Cable System – Provides residential and commercial cable TV and internet service
Telecommunications System – Provides commercial telecommunications and telephone service
Solid Waste – Provides residential and commercial garbage service
Airport – Provides airport services to both private and business aircraft

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the flow of economic resources measurement focus and the accrual basis of accounting. The flow of economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

Budget

The budget of City of Camilla, Georgia is prepared in accordance with Section 4.2 of the City Charter and is based on prior year actual amounts and anticipated changes. The City Manager is directed to execute the budget as funds become available, with non budgeted items in excess of $10,000 requiring approval of the City Council. The budget is adopted on the basis of generally accepted accounting principles (except that depreciation is not budgeted) and includes anticipated revenues and expenditures for all Governmental and Proprietary Funds and a capital expenditure budget for all funds and departments. The City's policy for the legal level of budgetary control is at the individual department level for each fund.

The budget process used to establish the budgetary data reflected in the financial statements is as follows:

- During the early fall of each year, all department heads submit anticipated revenue and expense figures to the City Manager. The City Manager and Finance Director use this information to formulate a tentative budget.
- Public hearings are held to obtain citizen's input.
- During the last City Council meeting in September, the budget for the next fiscal year is approved.
- Budget amendments are approved by the City Council during the year, as necessary.

The Development Authority of City of Camilla, Georgia, a component unit, adopts an annual budget each year based on anticipated receipts and disbursements, primarily loan activity. Other activity the Authority may have cannot be anticipated and is generally handled through budget amendments. The budget for the next year is adopted by the Authority's Board of Directors at the last meeting of each year.

Bank Deposits and Investments

The City Council has selected three depositories and has given the City Manager the responsibility of investing idle funds. The City Manager has the authority to choose the types of deposits and investments made. The City's practice is to limit deposits and investments to insured and/or collateralized bank accounts including checking, money market, savings, and certificates of deposit. Investments, other than deposit accounts, are approved individually by the City Council.

The Federal Deposit Insurance Corporation provides protection of City and Authority cash and investments as well as qualified pledged securities by the institutions holding the assets.

State statutes authorize the City and the Authority to invest in obligations of the State of Georgia or other states; obligations issued by the U. S. Government; obligations fully insured or guaranteed by the U. S. Government or by a government agency of the United States; obligations of any corporation of the U. S. Government; prime bankers acceptances; the local government investment pool established by Georgia law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia; and additionally, certificates of deposits, NOW accounts and money market accounts of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that a portion of such investment shall be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to 110 percent of funds on deposit at the institution.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Encumbrances

The City does not use the encumbrance system of accounting.

Inventory

Expendable supplies are recorded as expenditures at the time items are purchased. Inventoried items, consisting of fuel and repair parts, are stated at lower of cost or market on a first-in first-out basis.

Land and buildings held for resale to new industry by the Development Authority of the City of Camilla, Georgia, a component unit, are reported as inventory.

Prepaid Expenses

Prepaid expenses for governmental funds consist of required sales tax deposits held by the State of Georgia. These costs are recognized when the related sales tax becomes due and payable.

Prepaid expenses for proprietary funds consists of electricity cost purchased from The City of Lafayette, Georgia under a contract through 2037 and prepaid electricity cost paid to the Municipal Electric Authority of Georgia to be used for bonded debt payments through 2012. These costs are recognized each year under the straight line method over the life of the respective contracts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. All infrastructure owned by the City has been capitalized. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over three years of useful life. Infrastructure assets capitalization is decided on an individual project basis, but generally all projects with cost of $25,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives, based on the City's asset history, are as follows:

Buildings	20-50 years
Infrastructure	40 years
Machinery and equipment	5 -10 years
Improvements	20 years
Vehicles	3 -10 years
Facilities	20-50 years

Interest cost incurred on the construction of fixed assets is capitalized as part of the cost of the related projects. Capitalized interest is computed as the total interest cost, both paid and accrued, from the date of the initial borrowings to the date the project is virtually complete and available for use. Capitalized interest for the year ended September 30, 2011 was $91,516.

Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary funds the City considers all deposits in banks, certificates of deposit and savings accounts, including restricted cash, as cash and cash equivalents. See Note 8 for a detail of restricted cash. In addition, funds held in the City's MEAG Municipal Competition Trust-Flexible Operating Account are available to the City at any time and are thus considered cash equivalents. Generally, all cash and investments with maturity dates of three months or less and all that are available upon demand without penalty are considered to be cash and cash equivalents.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the proprietary funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2011, transfers to the general fund for administrative services were as follows:

Water & Sewer	$ 174,996
Gas	114,996
Electric	240,000
CNS Cable	75,000
Telecom	60,000
Solid Waste	30,000
Airport	8,496
Total	$ 703,488

Fund Equity

Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

See Note 25 for details of the City's amounts in each classification.

Risk Management

The City of Camilla is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined the Georgia Interlocal Risk Management Agency on January 31, 1988. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:	
Buildings and Contents (Blanket)	$38,359,396
Automobile Physical Damage per application on file with GIRMA	
COVERAGE DESCRIPTION – CASUALTY:	
Comprehensive General Liability and Law Enforcement Liability	$ 1,000,000
Automobile Liability	$ 1,000,000
Errors and Omissions (Public Officials) Liabilities	$ 1,000,000
Employee Benefit Liability	$ 1,000,000
General Liability – Fiber Optic Operation	$ 5,000,000
COVERAGE DESCRIPTION – CRIME:	
Blanket Bond – employees required to be bonded as required by State Law or Local Ordinance	
Blanket Bond – all other employees	$ 500,000
Depositors Forgery	$ 500,000
Money and Securities – Loss inside the premises	$ 500,000
Money and Securities - Loss outside the premises	$ 500,000

COVERAGE EXCEPTIONS:

COVERAGES SUBJECT TO A RETROACTIVE DATE:
Coverages shown as Coverage Exceptions only are subject to a retroactive date of February 1, 1988.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal governments. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Camilla retains the first $5,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

During the years ended September 30, 2009, 2010 and 2011, the City paid claims each year (up to the deductible) totaling, $24,017, $2,869 and $2,722, respectively. The City is not aware of any claims, which the City is liable for up to the deductible which were outstanding and unpaid at September 30, 2011. No provisions have been made in the financial statements for the year ended September 30, 2011 for any estimate of potential unpaid claims.

The City's responsibilities to the above risk pool are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

The City has elected to manage its risk for worker's compensation through the purchase of commercial insurance.

3. CAPITAL ASSETS:

A summary of changes in Capital Assets is as follows:

	Balance Sept. 30, 2010	Increase	Decrease	Balance Sept. 30, 2011
Governmental activities:				
Nondepreciable assets:				
Land	$ 721,807	$	$	$ 721,807
Construction in progress	565,472	125,696	532,965	158,203
	1,287,279	125,696	532,965	880,010
Depreciable assets:				
Buildings	7,507,002	12,820		7,519,822
Improvements	1,561,160			1,561,160
Equipment and vehicles	2,512,199	126,345	49,081	2,589,463
Infrastructure	9,667,786	1,149,536		10,817,322
	21,248,147	1,288,701	49,081	22,487,767
Less accumulated depreciation:				
Buildings	2,461,915	176,758		2,638,673
Improvements	1,072,642	42,694		1,115,336
Equipment and vehicles	1,479,618	178,889	44,069	1,614,438
Infrastructure	5,115,657	257,357		5,373,014
	10,129,832	655,698	44,069	10,741,461
Governmental activities capital assets (net)	$ 12,405,594	$ 758,699	$ 537,977	$ 12,626,316

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	Balance Sept. 30, 2010	Increase	Decrease	Balance Sept. 30, 2011
Business-type activities:				
Nondepreciable assets:				
Land	$ 1,351,673	$	$	$ 1,351,673
Construction in progress	1,695,184	6,497,722	626,949	7,565,957
	3,046,857	6,497,722	626,949	8,917,630
Depreciable assets:				
Buildings	1,345,651			1,345,651
Improvements	98,650			98,650
Equipment and vehicles	2,007,071	48,859		2,055,930
Facilities	42,694,941	977,732		43,672,673
	46,146,313	1,026,591		47,172,904
Less accumulated depreciation:				
Buildings	579,934	29,962		609,896
Improvements	91,934	2,576		94,510
Equipment and vehicles	1,348,676	199,648		1,548,324
Facilities	11,012,068	1,023,677		12,035,745
	13,032,612	1,255,863		14,288,475
Business-type activities capital assets (net)	$ 36,160,558	$ 6,268,450	$ 626,949	$ 41,802,059

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 234,655
Public safety	157,437
Public works (including infrastructure)	260,851
Planning, zoning and housing	2,755
	$ 655,698
Business-type activities:	
Water and sewer	$ 567,820
Gas	108,406
Electric	84,420
CNS cable	296,885
Telecommunications	62,923
Solid Waste	16,415
Airport	118,994
	$ 1,255,863

4. DEBT AND DEBT SERVICE

The reporting entity's debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of September 30, 2011, the governmental long-term debt of the financial reporting entity consisted of the following:

Leases Payable

The City is obligated under certain leases accounted for as capital leases. The leased assets are accounted for as Capital Assets and related obligations are accounted for as Long-Term Debt. The following is a summary of the City's capital lease transactions:

	Balance September 30, 2010	Additions	Payments	Balance September 30, 2011
Capital Lease Obligations	$ 1,220,587	$	$ 48,958	$ 1,171,629

The above balance at September 30, 2011 consists of the following:

	Interest Rate	Original Balance	Date of Maturity	Collateral	Outstanding at Sept. 30, 2011	Amount due in one year
Downtown Camilla Development Authority	5.00	$1,303,100	4/36	Building	$1,045,840	$ 22,030
BB & T (Through GMA)	3.05	200,000	10/15	Fire Truck	125,789	28,153
Total Outstanding at Sept. 30, 2011					$1,171,629	$ 50,183

Assets recorded under the above capital lease arrangements by major asset class are as follows:

Buildings	$1,303,100
Equipment and Vehicles	200,000
	$1,503,100

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The following is a schedule by years of the future minimum lease payments under these capital leases together with the present value of the minimum lease payments as of September 30, 2011:

Year Ending September 30,	Principal	Interest	Total
2012	$ 50,183	$ 57,940	$ 108,123
2013	52,212	55,970	108,182
2014	54,317	53,915	108,232
2015	56,530	51,772	108,302
2016	34,887	49,717	84,604
2017-2021	158,010	226,537	384,547
2022-2026	204,090	182,662	386,752
2027-2031	263,580	125,994	389,574
2032-2036	297,820	52,808	350,628
Present value of minimum lease payments	$1,171,629	$ 857,315	$ 2,028,944

Mortgage Payable

On May 25, 1999 the City purchased a building to be used to house the local Division of Family and Children Services. The building cost of $675,000 was financed entirely with a fifteen-year mortgage payable to Colonial Bank. This mortgage was refinanced with the Bank of America in January, 2003.

The current mortgage with Bank of America dated January 23, 2003 for $571,000 bearing interest at 3.78% is payable in monthly installments of $5,720 starting on February 23, 2003. The following is a summary of the City's Bank of America mortgage transactions For the year ended September 30, 2011:

	Balance September 30, 2010	Payments	Balance September 30, 2011	Amount Due In One Year
Bank of America Mortgage	$ 152,704	$ 63,925	$ 88,779	$ 66,433

The annual payments to amortize the mortgage payable at September 30, 2011, including interest are as follows:

Year ending September 30,	Principal	Interest	Total
2012	$ 66,433	$ 2,226	$ 68,659
2013	22,346	540	22,886
Total	$ 88,779	$ 2,766	$ 91,545

Mortgages Payable – Component Unit

The Development Authority of City of Camilla, Georgia, a component unit, is obligated under three mortgages. The mortgages were used to purchase and rehabilitate a local historic building. The building was sold to a local citizen under a direct financing lease arrangement. Under this lease arrangement, the local citizen will pay all mortgage principal and interest payments as they come due. The building along with the local citizen's pledge of future lease payments serve as collateral for the mortgages. See Note 17 for further details concerning this lease.

The mortgages payable were obtained through the Georgia Cities Foundation Revolving Loan program and are as follows:

Georgia Cities Foundation, Inc. (GCF) – The GCF loan dated February 4, 2003, for $250,000 bearing interest at 3.5% is payable in 120 monthly installments of $1,787.21 starting on April 1, 2003 with a balloon payment of $100,029 on March 1, 2013.

Georgia Housing and Finance Authority Economic Development Financing, Inc. (DD RLF) – The DD RLF loan dated February 4, 2003, for $250,000 bearing interest at 3.5% is payable in 120 monthly installments of $1,787.21 starting on April 1, 2003 with a balloon payment of $100,029 on March 1, 2013.

Planters and Citizens Bank – The bank loan dated February 4, 2003 for $77,800 bearing interest at 5% is payable in 120 monthly installments of $618.10 starting on March 4, 2003 with a balloon payment of $32,703 on March 4, 2013.

The following is a summary of mortgage transactions by the Authority for the year ended September 30, 2011:

	Balance September 30, 2010	Payments	Additions	Balance September 30, 2011	Amount due in one year
GCF Mortgage	$ 141,289	$ 16,769	$	$ 124,520	$ 17,365
DD RLF Mortgage	141,289	16,769		124,520	17,365
Bank Mortgage	45,782	5,028	6,460	47,214	5,174
Total	$ 328,360	$ 38,566	$ 6,460	$ 296,254	$ 39,904

Debt service requirements on outstanding mortgages at September 30, 2011 are as follows:

Year ending September 30,	Principal	Interest	Total
2012	$ 39,904	$ 10,406	$ 50,310
2013	256,350	4,644	260,994
	$ 296,254	$ 15,050	$ 311,304

A summary of the City's governmental activities long-term debt is as follows:

	Current	Long-term	Total
City of Camilla Georgia:			
Capital Leases	$ 50,183	$ 1,121,446	$1,171,629
Mortgage	66,433	22,346	88,779
Development Authority (a component unit)	39,904	256,350	296,254
	$156,520	$ 1,400,142	$1,556,662

BUSINESS-TYPE ACTIVITIES

Leases Payable

The City's Natural Gas System is obligated under a lease accounted for as a capital lease. The leased assets are carried on the fund balance sheets as Capital Assets and the related obligation is carried as a Long-Term Liability. The following is a summary of the Natural Gas Systems capital lease transactions for the year ended September 30, 2011

	Natural Gas System
Balance September 30, 2010	$ 2,314,948
Payments	375,385
Balance September 30, 2011	$ 1,939,563

The above balance at September 30, 2011 consists of the following:

	Interest Rate	Original Balance	Date of Maturity	Collateral	Outstanding at 9/30/11	Amount due in one year
Natural Gas System:						
Municipal Gas Authority of GA (MGAG)	6.59	$3,500,000	5/16	Gas lines	$1,939,563	$398,536

The following is a schedule by years of the future minimum lease payments under this capital lease together with the present value of the minimum lease payments as of September 30, 2011:

Year ending September 30,	Principal	Interest	Total
2012	$ 398,536	$ 118,186	$ 516,722
2013	426,331	90,391	516,722
2014	455,706	61,016	516,722
2015	487,104	29,618	516,722
2016	171,886	2,408	174,294
Present value of minimum lease payments	$ 1,939,563	$ 301,619	$ 2,241,182

Assets recorded by the Natural Gas System under capital lease arrangements by major asset class are as follows:

	Natural Gas System
Gas Lines	$ 3,072,750

The City did not need the entire $3,500,000 MGAG lease to complete the gas line project so the City returned $427,250 to the lessor during 2009.

Water and Sewer System Notes Payable

The City Water and Sewer System is liable for loans from the Georgia Environmental Facilities Authority (GEFA) and the Georgia State Revolving Loan Fund (SRF). These loans were used to modernize the City's Water and Sewer System and to construct and expand water and wastewater facilities to service new industry. The industry has agreed to amortize the portion of the loan used to construct its facilities through the payment of water and sewer user fees. Details of the loans are as follows:

GEFA - The GEFA loan dated February 23, 1996, for $1,958,000 bearing interest at 4.8% is payable in eighty quarterly installments of $38,210 starting on June 1, 1996.

SRF - The SRF loan dated April 30, 1996, for $8,142,855 bearing interest at 4% is payable in eighty quarterly installments of $148,353 starting on August 1, 1996.

GEFA – The GEFA loans dated June 24, 1997, for $1,229,829 bearing interest at 5.2% is payable in eighty quarterly installments of $24,985 starting on June 1, 1998.

GEFA – The GEFA loan dated October 8, 1999, for $1,306,191 bearing interest at 4.43% is payable in eighty quarterly installments of $28,002 starting December 1, 2004.

GEFA – The GEFA loan dated May 26, 1999, for $1,380,485 bearing interest at 4.24% is payable in eighty quarterly installments of $25,681 starting July 1, 2001.

SRF – The SRF loan dated June 9, 1999, for $4,666,549 bearing interest at 3% is payable in seventy-eight quarterly installments of $80,435 starting August 1, 2001.

SRF – The SRF loan dated May 22, 2003, for $1,410,307 bearing interest at 3% is payable in eighty quarterly installments of $24,188 starting April 1, 2006.

SRF – The SRL loan dated February 22, 2010 for $10,000,000 bearing interest at 3% is currently a construction loan with $6,510,156 drawn and outstanding at September 30, 2011. This loan will be converted to permanent financing at completion of this project.

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The following is a summary of loan activity for the year ended September 30, 2011:

	Balance Sept. 30, 2010	Additions	Conversion or Payments	Balance Sept. 30, 2011	Amount due in one year
GEFA (2/23/96)	$ 734,970	$	$ 119,708	$ 615,262	$ 125,529
GEFA (6/24/97)	615,625		68,791	546,834	72,466
GEFA (10/8/99)	936,391		71,706	864,685	74,935
GEFA (5/26/99)	883,163		66,393	816,770	69,128
Total GEFA Permanent loans	$ 3,170,149	$	$ 326,598	$ 2,843,551	$ 342,058
SRF (4/30/96)	$ 3,034,692	$	$ 479,154	$ 2,555,538	$ 498,609
SRF (6/9/99)	2,829,935		239,518	2,590,417	246,785
SRF (5/22/03)	1,149,626		62,966	1,086,660	64,875
Total SRF Permanent loans	7,014,253		781,638	6,232,615	810,269
SRF (2/22/10) Construction		6,510,156		6,510,156	155,760
	$ 7,014,253	$ 6,510,156	$ 781,638	$ 12,742,771	$ 966,029

Remaining maturities for the GEFA and SRF loans are as follows:

	GEFA Principal	SRF Principal	Interest	Total
Year ending Sept. 30,				
2012	$ 342,058	$ 966,029	$ 453,445	$ 1,761,532
2013	358,644	1,158,561	526,447	2,043,652
2014	375,744	1,199,036	468,872	2,043,652
2015	393,759	1,240,956	408,937	2,043,652
2016	335,646	1,136,020	347,146	1,818,812
2017-2021	1,037,700	3,587,065	1,189,374	5,814,139
2022-2026		2,556,762	627,059	3,183,821
2027-2031		898,342	80,569	978,911
	$ 2,843,551	$12,742,771	$ 4,101,849	$19,688,171

CNS Cable System Bonds Payable

On April 4, 2004 the South Georgia Governmental Services Authority (SGGSA) issued revenue bonds totaling $35,405,000 to be used by member cities (Camilla, Cairo, Moultrie and Thomasville) to repay existing debt and provide funds for new construction on the CNS Cable and Telecommunications Systems. Each city is solely responsible for its share of the bonds with Camilla's share being $7,960,000. Camilla's bonds are amortized over 20 years at 3.5959 % interest with semi annual interest payments beginning July 1, 2004 and annual principal payments beginning January 1, 2006.

The following is a summary of the City's bond transactions for the year ended September 30, 2011:

Balance Sept. 30, 2010	Payments	Balance Sept. 30, 2011	Amount Due in one Year
$ 6,230,000	$ 340,000	$ 5,890,000	$ 355,000

Future payment requirements for these bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2012	$ 355,000	$ 243,846	$ 598,846
2013	365,000	232,368	597,368
2014	375,000	219,733	594,733
2015	390,000	206,448	596,448
2016	405,000	189,743	594,743
2017-2021	2,335,000	619,788	2,954,788
2022-2024	1,665,000	104,489	1,769,489
Total	$5,890,000	$ 1,816,415	$ 7,706,415

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of normal operations, numerous transactions take place between funds such as expenditures or transfers of resources to provide services, service debt or construct assets. These interfund transactions are not eliminated on fund financial statements and interest is charged on such advances. However, these interfund balances are eliminated on the government wide statement of net assets. All interfund balances are expected to be repaid within one year except the amounts owed by CNS Cable System to the General Fund. Balances in the various interfund accounts at September 30, 2011 were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	CNS Cable System	$ 3,662,439	Operating & Construction Resources
Gas Fund	General Fund	482,012	Gas Sale Receipts
General Fund	Development Authority	55,719	Mortgage Payments

Interfund transfers for the year ended September 30, 2011 were as follows:

Transferor	Transferee	Amount	Purpose
General Fund	Airport	$ 126,116	Provide operating resources
Water & Sewer	General Fund	545,045	Supplement General Govt. Revenue
Gas	General Fund	803,577	Supplement General Govt. Revenue
Electric	General Fund	1,811,581	Supplement General Govt. Revenue
CNS Cable	General Fund	75,000	Supplement General Govt. Revenue
Telecommunication	General Fund	1,049,305	Supplement General Govt. Revenue
Solid Waste	General Fund	132,257	Supplement General Govt. Revenue
Airport	General Fund	8,496	Administration
		$4,551,377	

6. EMPLOYEE VACATION AND SICK LEAVE BENEFITS

Accumulated vacation leave benefits are liabilities of both governmental and business type activities. The total vacation leave payable is reported on the government-wide and proprietary fund financial statements. Governmental Funds report vacation leave payable only when currently due.

Accumulated sick leave benefits are not recorded. These benefits are paid only upon employee illnesses and the amount payable at September 30, 2011 cannot be reasonably estimated.

7. PENSION PLAN

Plan Description

The City has a defined benefit, non-contributory pension plan (City of Camilla Retirement Plan) covering all full time employees. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS); a statewide agent multiple-employer type plan as authorized by Code Sec. 47-5 of the Official Code of Georgia Annotated. GMEBS handles all administrative and investment functions relative to the plan. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire on reaching the age of 60 or 65, depending on their classification. Early retirement is possible on reaching age 55, depending on classification. Benefits are calculated at 1.00% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement. Employees are fully vested after 5 years of service. Benefit provisions are established by and may be amended by the city council.

Funding Policy

Annual funding requirements are determined by GMEBS under the projected unit credit actuarial cost method. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 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. Amortization periods are open for this plan year. Annual pension plan obligations are determined annually as part of an actuarial valuation done as of January 1st of each year. The actuarial value of assets is determined by rolling forward prior years actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gains (losses) during the prior 10 years. Annual contributions are authorized by and may be amended by the City Council.

Annual Pension Cost

For the year ended September 30, 2011, the City's pension cost of $206,414 was equal to the City's required and actual contribution. In that the City has a fiscal year end, the required contribution was determined for the period October 1, 2010 through December 31, 2010 under the January 1, 2010 actuarial valuation and for the period January 1, 2011 through September 30, 2011 under the January 1, 2011 actuarial valuation. Contributions as a percentage of covered payroll were 8.46% for 2010 and 9.40% for 2011. Actuarial assumptions included (a) investment rate of return of 7.75%, and (b) projected salary increases of 4.0% to 11% per year depending on years of service with no cost of living adjustments. The inflation rate is projected at 3.5%. The plan provisions and cost methods are the same for both 2010 and 2011.

Trend Information

For the year ending,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
September 30, 1996	$54,543	100%	$ -0-
September 30, 1997	67,809	100%	-0-
September 30, 1998	70,310	100%	-0-
September 30, 1999	59,703	100%	-0-
September 30, 2000	53,421	100%	-0-
September 30, 2001	49,794	100%	-0-
September 30, 2002	67,884	100%	-0-
September 30, 2003	90,279	100%	-0-
September 30, 2004	106,205	100%	-0-
September 30, 2005	124,284	100%	-0-
September 30, 2006	130,078	100%	-0-
September 30, 2007	135,598	100%	-0-
September 30, 2008	141,963	100%	-0-
September 30, 2009	191,317	100%	-0-
September 30, 2010	244,270	100%	-0-
September 30, 2011	206,414	100%	-0-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funding Excess (Deficit)	Funded Ratio	Covered Payroll	Funding (deficit) excess as a percentage of Covered Payroll
1/1/96	$1,841,567	$1,625,206	$216,361	113%	$1,358,004	16%
1/1/97	1,843,786	1,763,285	80,501	105%	1,440,428	6%
1/1/98	2,018,164	1,947,853	70,311	104%	1,475,058	5%
1/1/99	2,521,712	2,139,725	381,987	118%	1,680,995	23%
1/1/00	2,689,003	2,228,208	460,795	121%	1,784,055	26%
1/1/01	2,876,562	2,320,972	555,590	124%	1,833,486	30%
1/1/02	3,036,634	2,563,367	473,267	118%	1,750,688	27%
1/1/03	2,982,527	2,795,876	186,651	107%	1,919,543	10%
1/1/04	3,147,812	3,079,845	67,967	102%	2,025,163	3%
1/1/05	3,313,604	3,188,118	125,486	104%	1,850,820	7%
1/1/06	3,534,969	3,456,083	78,886	102%	1,919,239	4%
1/1/07	3,791,223	3,571,320	219,903	106%	1,902,045	12%
1/1/08	4,063,066	3,940,937	122,129	103%	2,000,390	6%
1/1/09	3,409,836	4,253,958	(844.122)	(80%)	2,229,487	(38%)
1/1/10	4,351,887	4,559,296	(207,409)	(95%)	2,377,050	(9%)
1/1/11	4,574,146	4,959,332	(385,186)	(92%)	2,602,914	(15%)

Financial Statements

GMEBS issues a publicly available financial report that includes financial statements and required supplementary information each year. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor St., S. W., Atlanta, Georgia 30303.

8. RESTRICTED ASSETS

Restricted assets at September 30, 2011, consist of cash and investments held in various accounts for specific purposes as follows:

	Restriction	Current	Long Term	Total
Business-Type Activities:				
Electric System:				
MEAG Municipal Competitive Trust	Power Generation	$	$ 1,784,311	$ 1,784,311
CNS Cable System:				
Bond proceeds	Construction	208,241		208,241
Reserve fund	Bond payments	355,000	454,568	809,568
Water & Sewer System:				
Reserve fund	GEFA/SRF loan		675,627	675,627
CDBG Grant	Construction	1,000		1,000
Total Business-Type Activities		$564,241	$2,914,506	$3,478,747

It is the City's policy to generally, apply restricted resources first to expenses for which both restricted and unrestricted assets are available.

9. PROPERTY TAX CALENDAR

The City levies property taxes in the fall of each year based on the assessed value of property on the previous January 1. Due date for these taxes is December 20th and the lien date is the following March 20th. The levy date for 2010 taxes was July 21th and the millage rate was 7.245. Taxes are collected throughout the year. Receivables are recorded when levied. Proper allowances are made for estimated uncollectable and delinquent accounts.

10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

1) Segment information for certain individual enterprise funds. All Enterprise Funds are major funds so no segment disclosure is required.

2) Summary disclosures of debt service requirements of maturity for all types of outstanding debt. This requirement is met by Note 4.

3) Summary disclosures of changes in Fixed Assets by major asset class. This requirement is met by Note 3.

4) Summary disclosure of Long-Term Debt. This requirement is met by Note 4.

5) Excess of revenues and expenditures or expenses over budgeted amounts in individual funds is as follows:

General Fund Revenue	$ 338,304
CNS Cable Revenue	363,061
CNS Cable Expenses	204,369
Telecommunications System Revenue	232,802
Airport Expenses	17,407

6) Deficit net assets or fund balance: CNS Cable System $4,470,327. It is anticipated that customer fees in future years will eliminate the deficit. See note 21 for further discussion.

7) Individual fund inter-fund receivable and payable balances at September 30, 2011. This requirement is met by Note 5.

11. CONTINGENT LIABILITIES

The City is party to various legal proceedings which normally occur in governmental operations. In the opinion of the administration, the outcomes of these legal proceedings will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for loss has been recorded and no further disclosure is required.

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12. CREDIT RISKS

Deposits and Investments

Deposits – at September 30, 2011, the City and its component unit had $3,000 in cash funds on hand and bank deposits as follows:

Carrying value	$10,314,362
Bank balances	$10,325,495

Of the bank balances, $1,743,240 was covered by Federal Deposit Insurance and the remainder was covered by pledged collateral of at least 110% of deposit amounts, as required by the Official Code of Georgia annotated. In that the pledged collateral is held by the bank's agent in the City's name, these deposits constitute a category 2 credit risk under the Government Accounting Standards Board Statement No. 3.

Investments

Electric System – The investments in the electric system at September 30, 2011 include the following:

Current:	
MEAG Municipal Competition Trust - Flexible Operating Account	$ 5,225,113
Noncurrent:	
MEAG Municipal Competition Trust - New Generation Trust Account	1,784,311
	$ 7,009,424

See Note 20 for further discussion of these investments.

CNS Cable System – The investment in the CNS Cable System consists of the joint venture investment in South Georgia Governmental Service Authority of $663,171.

See Note 18 for further discussion of this investment.

13. COMMITMENTS AND CONTINGENCIES

Grant Audits

The City receives Federal and State Grants and loans for specific purposes that are subject to review and audit by Federal and State Agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowance, if any, will not be significant.

14. ECONOMIC DEPENDENCY

The City is currently liable for $13,677,216 in long-term debt, the proceeds of which were used to construct gas, water, and sewer facilities to service local industries. These industries, Equity Group Georgia Division, LLC and First United Ethanol, LLC, have agreed to amortize these debts for the City through the payment of monthly facility charges. The City would have difficulty amortizing these debts in the absence of this arrangement with these industries.

15. HOTEL/MOTEL TAX

The City collected $17,360 in Hotel/Motel tax during the year ended September 30, 2011. This tax was paid by the City to the Camilla Chamber of Commerce and used to pay tourism operating expenses by the Chamber.

16. COMPONENT UNIT

The Development Authority of the City of Camilla, Georgia, a component unit, was formed by the City to promote economic development and to purchase and hold land and buildings to be sold to new or relocating industry. The Authority is operated as a special revenue fund and its balance sheet and operating statement are shown on the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances on pages 19 and 21, in the Development Authority column.

The Development Authority of the City of Camilla had no significant transactions with City governmental funds or business-type funds during the year ended September 30, 2011.

17. DIRECT FINANCING LEASE

On February 4, 2003, the Development Authority of the City of Camilla, Georgia, a component unit, entered into a lease agreement with a local citizen whereby the Authority would purchase and rehabilitate a historic building and lease the building to the citizen under a direct financing lease. The Authority borrowed funds under various mortgages as explained in Note 4 and used these funds to purchase and rehabilitate the historic building. Under the lease the local citizen will make lease payments to the Authority each month in the amount of the mortgage payments until such time as all principal and interest payments on the mortgages are paid in full. When the mortgages are fully satisfied, the citizen has agreed to purchase the historic building for $1.00.

In January 2011, through mutual agreement of the Development Authority and the local citizen, the Authority agreed to take possession of the property as it was abandoned by the local citizen. Future payments on the mortgage will be made by the Authority with funds advanced from the City based on City council approval. The Authority has added the building to its inventory of property for sale to new and expanding industry.

Prior to the abandonment, the local citizen paid $9,498 in principal and $3,080 in interest on the capital lease during the year ended September 30, 2011. The remaining lease balance of $325,323 along with related legal cost were used as the basis for the property.

18. JOINT VENTURES

Regional Development Center

Under Georgia law, the City, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended September 30, 2011, the City paid $5,617 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Southwest Georgia Regional Development Center, 30 West Broad Street, Camilla, GA 31730.

South Georgia Governmental Services Authority

The City of Camilla, along with three other cities in the Southwest Georgia area (Thomasville, Moultrie & Cairo) formed the South Georgia Governmental Services Authority (SGGSA). The authority was created by the South Georgia Governmental Services Act (Georgia, House Bill 879) on March 1, 2001. The Authority was created to provide governmental, proprietary, and administrative services to member cities and to provide the joint delivery of services and benefits to the citizens of Georgia.

The intent of the Authority is to provide facilities for political subdivisions and governmental bodies on a regional basis to achieve economies of scale, the sharing of assets, and the development of expertise in providing more efficient and economical delivery of such services. No dues were paid to SGGSA during the year ended September 30, 2011. The City is carrying its contribution to this venture as an investment in the CNS Cable System accounts. A separate audited financial statement of SGGSA was prepared as of December 31, 2010, and the City's investment in this joint venture is carried on the equity basis at $663,171 based on this audit.

Two members on the SGGSA Board of Directors represent each member city. Separate financial statements for the Authority can be obtained from Southwest Georgia Governmental Services Authority, P. O. Box 1675, Thomasville, GA 31799.

19. RELATED ORGANIZATIONS

Camilla Housing Authority

The Camilla Housing Authority is considered a related organization to the City of Camilla. The City appoints members to the Authority Board but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low income housing for individuals in the City of Camilla and certain surrounding cities. The City received $33,071 as payment in lieu of taxes from the Authority during 2011.

Downtown Camilla Development Authority

The Downtown Camilla Development Authority is considered a related organization to the City of Camilla. The Authority bills and collects its own property tax to pay its operating expenses. The Authority's board consists of the Mayor of Camilla, one member appointed by the County Commission and seven members elected by property owners within the prescribed area. The City does not have the ability to impose its will or create any financial benefit or burden for the Authority. The Authority promotes the economic development and well being of property and businesses in the downtown Camilla area.

20. BULK POWER CONTRACT

In 1976, the City along with 45 other cities and one county, all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia. Under the terms of the agreement, MEAG agrees to provide, and the cities are obligated to purchase, all of their bulk power supply requirements for a period not to exceed 50 years. In 2004, the cities unanimously voted to extend the contract with MEAG an additional 50 years. The cities have agreed to purchase all their future power and energy requirements in excess of that received by the cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each city has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations.

At September 30, 2011 the outstanding debt of MEAG was approximately $5.9 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $94 million at September 30, 2011.

In 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which

have elected to become beneficiaries. The Trust was established to provide MEAG and the trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created four funds in which the City participates. The following is a brief description of each fund:

Flexible Operating Trust Account – This account is available to the City for withdrawal without restriction. This account has a balance of $5,225,113 at September 30, 2011 and is included as a current investment in the Electric fund.

New Generation Trust Account – This account is available to the City for certain restricted purposes including funding future generation projects created by MEAG or for the purchase of additional power sales contracts. This account has a balance of $1,784,311 at September 30, 2011 and is included as a non-current restricted investment in the Electric fund.

Credit Support Operating Account and Reserve Funded Debt Account – These accounts are restricted to loan or offset to billings from MEAG for power usage and are not currently available to the City. These accounts are not recorded as assets by the Electric fund. The balances in these accounts at September 30, 2011 were as follows:

Credit Support Operating Account	$ 1,370,744
Reserve Funded Debt Account	3,009,584

MEAG Power and therefore the City of Camilla, Georgia to the extent of its portion of the Trust Account, is exposed to credit and market risk relating to its investments. Credit risk arises when an entity is unable to recover its investments either by an inability to withdraw the funds through nonperformance of a counterparty or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines. As of September 30, 2011, MEAG Power and the City of Camilla, Georgia were not exposed to any known economic losses due to these risks, nor were these investments rated.

21. FUND BALANCE DEFICITS

The CNS Cable System fund had a deficit net asset balance of $4,470,327 at September 30, 2011 due primarily to start up costs and expenses exceeding revenue for this new and growing cable TV utility. It is anticipated that it will take several years to acquire a sufficient number of customers to provide a revenue flow large enough to cover expenses and recover losses from prior years.

22. CONSTRUCTION

On July 29, 2009 the City entered into an agreement with Equity Group – Georgia Division LLC (Equity) to upgrade it's water and sewer system by constructing a new dissolved air flotation system on land to be conveyed to the City by Equity. The project is expected to cost approximately $10,000,000. The City has obtained financing for the project through the Georgia Environmental Facilities Authority and the Georgia state revolving loan fund. Equity has agreed to pay a monthly fee to the City as an availability charge equal to the payments of principal and interest under the loan. Equity has also agreed to pay in $55,460 per month (estimated loan payment) into a "Debt Service Reserve Account" with all interest earned accruing to Equity. These debt service reserve payments were started in August 2009 with the balance of $675,627 being carried by the City in a restricted cash account at September 30, 2011.

Cost for this project as of September 30, 2011 was $7,039,965 and is carried in the construction in progress account of the water & sewer fund. Draws on the state revolving loan were $6,510,156 at September 30, 2011 with this balance being carried as a construction loan. The loan will be converted to permanent debt at 3% on completion of the project. See Note 4 for further discussion of this state revolving loan.

23. CONSTRUCTION – GAS

During year ended September 30, 2011 the City entered into a contract with a local industry, Wind Gap Farms, to construct a gas line to their property in exchange for their agreement to pay the majority of the cost. The project was started and completed during 2011 with the cost of $274,689 being capitalized and the payments by Wind Gap Farms of $249,689 being recorded as a capital grant and contribution.

24. SUBSEQUENT EVENT – WATER & SEWER

On February 2, 2011 First United Ethanol LLC (FUEL) announced that its wholly owned subsidiary, Southwest Georgia Ethanol, LLC (SWGE) had filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. Both companies expect to continue normal business operations while reorganizing under Chapter 11.

FUEL is the largest natural gas customer for the City of Camilla. The City currently owes the Municipal Gas Authority of Georgia approximately $1,939,563 under a capital lease agreement as explained in Note 4 page 42 of this report. FUEL has amortized this debt for the City since 2006 through payment of monthly facility charges. The debt will be retired in 2016.

The management of FUEL expects the company to emerge from the bankruptcy proceedings with debt restructured so as to allow the company to operate in the long term. However, in the event of FUEL insolvency the City will be liable for the pipeline debt to MGAG. Currently the City has sufficient cash flow, without FUEL, to service this debt.

As part of the bankruptcy proceedings FUEL agreed to deposit $778,824 with the City to cover the gas bill owed at the time of the bankruptcy petition. The deposit is recorded as a customer deposit and the related receivable is recorded as customer accounts receivable in the gas fund.

All cost associated with the gas supply pipeline capacity contracts signed February 16, 2007 to supply FUEL is the responsibility of MGAG. The City's membership percentage in MGAG is 1.27%. The City and MGAG feel that any excess gas that would be available should FUEL cease operating can be remarketed elsewhere.

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25. GOVERNMENTAL FUND BALANCE

At September 30, 2011 the City of Camilla classified it's governmental fund type's fund balances under GASB Statement 54 as follows:

Nonspendable:		
Not in spendable form (inventories)	$	741,476
Required to be maintained intact		3,686,058
		4,427,534
Restricted		0
Committed - Stormwater funds		55,611
Assigned:		
Economic Development Funds		368,979
Specific Purpose Funds		9,480
		378,459
Unassigned		3,271,635
Total Fund Balances	$	8,133,239

26. COMPENSATED ABSENCES

As explained in Note 6 the City accumulates leave benefits for its employees and records them as liabilities of the various governmental and business-type activities. The portion due within one year cannot be determined in that this is governed by future plans of each employee. Likewise increases and decreases in the total owed are not available for 2011 in that the City's payroll system currently only retains current balances. Net changes for the year ending September 30, 2011 for amounts owed by and to be paid by the general fund are as follows:

	Balance September 30, 2010	Net Changes	Balance September 30, 2011
Vacation Pay Balance Due	$ 107,469	$ (7,334)	$ 100,135

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

To the City Council
City of Camilla, Georgia

I have audited the financial statement of the governmental activities, the business-type activities and each major fund of the City of Camilla, Georgia as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued my report thereon dated February 10, 2012. I conducted my 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 my audit, I considered the City of Camilla, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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



RICHARD L. WATERS, CPA, PC
February 10, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council
City of Camilla, Georgia

Compliance

I have audited City of Camilla, Georgia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. The City's major federal programs are identified in the accompanying schedule of expenditures of federal rewards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of the City's management. My responsibility is to express an opinion on the City's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City's compliance with those requirements.

In my opinion, the City of Camilla, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

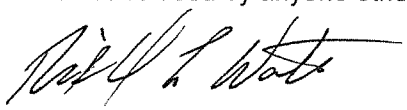
Internal Control Over Compliance

Management of the City of Camilla, Georgia is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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



RICHARD L WATERS, CPA PC
February 10, 2012

CITY OF CAMILLA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **
For the year ended September 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CATALOGUE NUMBER	AWARD AMOUNTS	ACCOUNTS PAYABLE 9/30/2010	RECORDED EXPENDITURES	CASH PAID EXPENDITURES	ACCOUNTS PAYABLE 9/30/2011
U.S. Department of Housing and Urban Development						
Passed through Georgia Department of Community Affairs						
Grants:						
Community Development Block Grants						
Sewer Improvement Program 10p-x-101-2-5251	14.228	$ 435,746	$	$ 286,567	$ 122,614	$ 163,953
Water Improvement Program 08p-x-101-2-5031	14.228	500,000	26,780	135,181	161,961	
Total (Major Program)			26,780	421,748	284,575	163,953
U.S. Department of Transportation/FAA						
Passed through Georgia Department of Transportation						
Transportation Enhancement Grant project TEE-009-00(112) P.I.No. 0009112	20.205	500,000	16,804	163,903	180,707	
U.S. Environmental Protection Agency						
Capitalization Grant to Georgia Drinking Water State Revolving Loan Fund (SRF)						
SRF Loan (#DWSRF 08-004) for construction of dissolved air flotation system (Major Program)	66.468	10,000,000	1,015,381	5,733,069	6,510,156	238,294
U.S. Department of Justice						
Direct federal grant - Bulletproof Vest Program	16.607	666		666	666	
Total Federal Awards			$ 1,058,965	$ 6,319,386	$ 6,976,104	$ 402,247

**The City prepares its schedule of expenditures of federal awards on the accrual basis.
The City has elected to present both paid and accrued federal award expenditures in order to provide cognizant federal agencies with a total picture of program activity under each loan/grant award.

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

CITY OF CAMILLA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2011

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Camilla, Georgia.

2. No reportable conditions relating to the audit of the financial statements were reported in the 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.*

3. No instances of noncompliance material to the financial statements of the City of Camilla, Georgia were disclosed during this audit.

4. No reportable conditions were reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A -133.

5. The auditor's report on compliance for the major federal award program for the City of Camilla, Georgia, expresses an unqualified opinion.

6. There were no audit findings and no instances of non-compliance that were required to be reported in accordance with OMB Circular A -133.

7. The programs tested as major programs are detailed in The Schedule of Expenditures of Federal Awards and are as follows:

   Community Development Block Grant Cluster
   Drinking Water State Revolving Loan

8. The threshold for distinguishing Types A and B programs was $300,000.

9. City of Camilla, Georgia was not determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

No matters were reportable.

C. Findings and Questioned Costs – Major Federal Award Program Audit

No matters were reportable.

CITY OF CAMILLA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the year ended September 30, 2011

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED % OF COMPLETION
2007 Tax:					
Flint River Auditorium Project	$ 150,000	$	$ 45,322	$ 45,322	30%
Renovation Public Safety Complex	200,000	200,000		200,000	100%
Purchase Fire Truck	300,000	300,000		300,000	100%
Public Works Equipment	250,000	214,513	21,696	236,209	94%
Sidewalk Projects	150,000	142,460		142,460	95%
Depot Project	100,000	100,000		100,000	100%
U.S. 19 Park	25,000	25,000		25,000	100%
Airport Hanger Project	75,000				
General Roads, Streets & Drainage	1,422,171	455,727	394,985	850,712	60%
Totals 2007 Tax	$ 2,672,171	$ 1,437,700	$ 462,003	$ 1,899,703	