CITY OF CAMILLA, GEORGIA
Financial Statements and
Supplementary Information
For the Fiscal Year Ended September 30, 2013

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Independent Auditor's Report

To the City Council
City of Camilla, Georgia

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the schedule of funding progress on pages 11 through 19 and page 68 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.

Other Information

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-13, 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 basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Projects Constructed with Special Sales Tax Proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 1 2014, 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* in considering the City of Camilla, Georgia's internal control over financial reporting and compliance.

Richard L. Waters, CPA, PC
Camilla, Georgia
March 1, 2014

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, 2013. 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 $80.2 million, of which $62.1 million are capital assets.
- The City of Camilla has total liabilities of $27.2 million, of which $21.8 million are long-term liabilities.
- The total net assets for the City of Camilla exceeded its liabilities at September 30, 2013, by $53.0 million (reported as net position). Of this amount $14.0 million (reported as unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. $34.5 million is invested in capital assets net of related debt.
- The total net position for the City's Governmental activities exceed its liabilities by $18.3 million of which $7.7 million is unrestricted and can be spent at the discretion of the City Council.
- The governmental activities expenditures exceeded revenues and transfers by $1 million resulting in a decrease of net position from $19.2 million to $18.2 million.
- The City's business type activities revenues exceeded expenditures by $3.7 million resulting in an increase in net position from $31.0 million to $34.7 million.
- The City's long-term debt decreased by 1.5 million during the current fiscal year as a result of scheduled principal payments and prepayment of certain debt.

OVERVIEW of the FINANCIAL STATEMENTS

The City's annual financial report for the fiscal year ended September 30, 2013 is based upon 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 standard includes Government-wide statements along with Fund based financial statements. The primary role of the Statement of Net Position 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 Position 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 Position** 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 position. The net position is one way to measures the City's financial health, or financial position. Over time, increases or decreases in the City's net position 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 Position 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

The City of Camilla has presented its financial statements under the reporting model required by GASB Statement No. 34. This reporting model changes significantly both the recording and presentation of financial data. Government-wide information for fiscal years ending September 30, 2013, and September 30, 2012 are included in this report.

CITY OF CAMILLA
Net Position
September 30, 2013

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 8,009,098	$ 10,033,470	$ 18,042,568
Non-current assets	415,621	4,610,404	5,026,025
Capital assets	11,541,126	45,575,897	57,117,023
Total assets	19,965,845	60,219,771	80,185,616
Current liabilities	605,637	4,749,446	5,355,083
Non-current liabilities	1,086,419	20,757,324	21,843,743
Total liabilities	1,692,056	25,506,770	27,198,826
Net Invested in capital assets, Net of related debt	10,542,325	23,954,135	34,496,460
Restricted for construction		116,662	116,662
Restricted for loan payments		1,535,966	1,535,966
Restricted for power generation		2,799,110	2,799,110
Restricted for repairs	15,229		15,229
Unrestricted	7,716,235	6,307,128	14,023,363
Total net position	$ 18,273,789	$ 34,713,001	$ 52,986,790

CITY OF CAMILLA
Net Position
September 30, 2012

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 8,465,677	$ 10,639,463	$ 19,105,140
Non-current assets		4,101,550	4,101,550
Capital assets	12,369,667	43,746,641	56,116,308
Total assets	20,835,344	58,487,654	79,322,998
Current liabilities	485,451	5,091,486	5,576,937
Non-current liabilities	1,105,494	22,221,306	23,326,800
Total liabilities	1,590,945	27,312,792	28,903,737
Net Invested in capital assets, Net of related debt	11,346,551	20,428,704	31,775,255
Restricted for construction		208,241	208,241
Restricted for loan payments		1,445,745	1,445,745
Restricted for power generation		2,218,507	2,218,507
Unrestricted	7,897,848	6,873,665	14,771,513
Total net position	$ 19,244,399	$ 31,174,862	$ 50,419,261

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position exceed liabilities by $52,986,790 as of September 30, 2013 and by $50,419,261 as of September 30, 2012. Of these amounts, $18,273,789 and $19,244,399 came from governmental activities and $34,713,001 and $31,174,862 came from business-type activities as of September 30, 2013 and 2012, respectively.

The largest portion of the City's net position, $34,496,460 or 65.10% as of September 30, 2013 and $31,775,255, or 63.02%, as of September 30, 2012, 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 position totaled $4,466,967 or 8.43% as of September 30, 2013 and $3,872,493 or 7.68% as of September 30, 2012. These amounts represent resources that are designated for construction projects, repairs, loan payments and power generation.

The remaining balance of $14,023,363 or 26.47% as of September 30, 2013 and $14,771,513 or 29.30% as of September 30, 2012 represents unrestricted net position. 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, 2013, and September 30, 2012, the City reported positive balances in both categories of unrestricted net position; $7,716,335 and $7,897,848 for its governmental activities and $6,307,128 and $6,873,665 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, 2013 decreased the City of Camilla's net position by $970,610. Business-type activities during the same period increased net position by $3,757,833. Total increase from all activities in net position was $2,787,223.

The decrease in net position in governmental activities was mainly attributed to the donation of capital assets by the City with a book value of $713,059. Further details are provided in Note 25 in the notes to financial statements.

The following Statement of Activities shows the revenues and expenses by activities for the City of Camilla as of September 30, 2013 and September 30, 2012. Total revenues and Transfers from governmental activities were $6,721,950 and $6,379,170 for September 30, 2013 and 2012, respectively while expenses totaled $6,979,501 and $6,327,529. Net transfers from business-type activities amounted to $ 3,009,984 or 44.78% for September 30, 2013 and $3,256,170 or 51.04% for September 30, 2012, of the total governmental activity funding. Property taxes of $930,502 or 13.84% for September 30, 2013 and $906,699 or 14.21% for September 30, 2012, was the next largest contributor to the funding. Business-type activities program revenue exceeded expenses by $6,767,817 and $6,034,365 for September 30, 2013 and 2012 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, 2013

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$ 1,572,840	$ 34,210,174	$ 35,783,014
Operating grants & contributions	269,190		269,190
Capital grants & contributions	436,103	441,772	877,875
Total program revenue	2,278,133	34,651,946	36,930,079
GENERAL REVENUES			
Property taxes	930,502		930,502
Other taxes	430,761		430,761
Investment income(loss)	42,445	13,556	56,001
Gain (loss) on sale of assets	30,125	7,970	38,095
Total general revenues	1,433,833	21,526	1,455,359
TOTAL REVENUES	3,711,966	34,673,472	38,385,438
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	2,164,588		2,164,588
Public safety	2,516,418		2,516,418
Public works	1,807,121		1,807,121
Planning, zoning and housing	378,276		378,276
Economic development	44,957		44,957
Interest on long-term debt	68,141		68,141
Total governmental activities	6,979,501		6,979,501
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,547,613	2,547,613
Gas		9,241,596	9,241,596
Electric		11,815,282	11,815,282
CNS cable		2,716,937	2,716,937
Telecom		363,099	363,099
Solid waste		785,662	785,662
Airport		435,466	435,466
Total business-type activities		27,905,655	27,905,655
Total Expenses	6,979,501	27,905,655	34,885,156
Change in net positons before transfers & special items	(3,267,535)	6,767,817	3,500,282
Transfers	3,009,984	(3,009,984)	
Special item - donated assets	(713,059)		(713,059)
Change in net position	(970,610)	3,757,833	2,787,223
Net position beginning of year, as restated	19,244,399	30,955,168	50,199,567
Net position end of year	$ 18,273,789	$ 34,713,001	$ 52,986,790

CITY OF CAMILLA
Statements of Activities
For the year ended September 30, 2012

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$1,235,700	$36,712,363	$37,948,063
Operating grants & contributions	163,181		163,181
Capital grants & contributions	363,156	443,533	806,689
Total program revenue	1,762,037	37,155,896	38,917,933
GENERAL REVENUES			
Property taxes	906,697		906,697
Other taxes	415,509		415,509
Investment income	31,240	(27,710)	3,530
Gain (loss) on sale of assets	7,517	2,750	10,267
Total general revenues	1,360,963	(24,960)	1,336,003
TOTAL REVENUES	3,123,000	37,130,936	40,253,936
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	1,763,551		1,763,551
Public safety	2,435,747		2,435,747
Public works	1,584,134		1,584,134
Planning, zoning and housing	305,530		305,530
Economic development	81,942		81,942
Interest on long-term debt	66,625		66,625
Total governmental activities	6,237,529		6,237,529
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,204,133	2,204,133
Gas		13,272,463	13,272,463
Electric		11,390,494	11,390,494
CNS cable		2,740,681	2,740,681
Telecom		359,152	359,152
Solid waste		733,558	733,558
Airport		396,090	396,090
Total business-type activities		31,096,571	31,096,571
Total Expenses	6,237,529	31,096,571	37,334,100
Change in net position before transfers	(3,114,529)	6,034,365	2,919,836
Transfers	3,256,170	(3,256,170)	
Change in net position	141,641	2,778,195	2,919,836
Net position beginning of year	19,102,758	28,396,667	47,499,425
Net position end of year	$19,244,399	$31,174,862	$50,419,261

Governmental Activities

Revenue from governmental activities totaled $6,721,950 for the year ending September 30, 2013 and $6,379,170 for the year ending September 30, 2012 with corresponding expenses for the same periods totaled $6,979,501 and $6,237,529. 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 92.95% and 92.72% of the total expenses of the governmental activities, for the years ending September 30, 2013 and September 30, 2012.

Governmental Activities – Revenues by Source

	Sept. 30, 2013		Sept. 30, 2012	
	Amount	Percent	Amount	Percent
Charges for services	$ 1,572,840	23.40	$ 1,235,700	19.37
Operating grants & contributions	269,190	4.00	163,181	2.56
Capital grants - contributions	436,103	6.49	363,156	5.69
Property taxes	930,502	13.84	906,697	14.21
Other taxes	430,761	6.41	415,509	6.52
Investments income	42,445	0.63	31,240	0.49
Gain(loss) on sale of assets	30,125	0.45	7,517	0.12
Total	3,711,966	55.22	3,123,000	48.96
Transfers	3,009,984	44.78	3,256,170	51.04
	$ 6,721,950	100.00	$ 6,379,170	100.00

Governmental Activities – Expenses by Source

	Sept. 30, 2013		Sept. 30, 2012	
	Amount	Percent	Amount	Percent
General government	$ 2,164,588	31.01	$ 1,763,551	28.27
Public safety	2,516,418	36.05	2,435,747	39.05
Public works	1,807,121	25.89	1,584,134	25.40
Planning, zoning and housing	378,276	5.42	305,530	4.90
Economic development	44,957	0.65	81,942	1.31
Interest on long-term debt	68,141	0.98	66,625	1.07
	$ 6,979,501	100.00	$ 6,237,529	100.00

Business – Type Activities

Revenues from business-type activities totaled $31,663,488 and expenses were $27,905,655 for the fiscal year ending September 30, 2013 while revenues were $33,874,766 and expenses were $31,096,571 for the fiscal year ending September 30, 2012. The following table shows the business – type activities revenue and expenses by source. The Electric Fund accounted for the largest amount of revenue, followed by the Gas Fund and Water and Sewer Fund. These three funds accounted for 87.23% and 85.74% of total business – type revenues, for the fiscal years September 30, 2013 and 2012.

Expenses for the Electric Fund were the largest amount of the total expenses for the year, followed by the Gas Fund and the Water and Sewer Fund. These three funds accounted for 84.59% and 86.40% of the total expenses for business – type activities, for the fiscal years ending September 30, 2013 and 2012.

Business-type Activities – Revenue by Source

	Sept. 30, 2013		Sept. 30, 2012	
	Amount	Percent	Amount	Percent
Charges for Services:				
Water and sewer	$ 3,983,616	12.58	$ 3,660,079	10.81
Gas	10,795,040	34.09	14,566,962	43.00
Electric	14,681,208	46.37	13,737,229	40.55
CNS - cable	2,874,193	9.08	2,874,146	8.49
Telecom	840,986	2.66	873,532	2.58
Solid waste	820,941	2.59	831,055	2.45
Airport	214,190	0.68	169,360	0.50
	34,210,174	108.05	36,712,363	108.38
Other Revenues:				
Water and sewer	20,500	0.06	162,168	0.48
Gas	16,025	0.05	11,710	0.03
Electric	21,577	0.07	18,457	0.05
CNS - cable	97,109	0.31	(71,135)	(0.21)
Airport	308,087	0.97	297,373	0.88
	463,298	1.46	418,573	1.23
Transfers In (Out)				
Water and sewer	(251,970)	(0.79)	(549,854)	(1.62)
Gas	(751,066)	(2.37)	(817,609)	(2.41)
Electric	(895,088)	(2.83)	(1,743,392)	(5.15)
CNS - cable	(75,000)	(0.24)	(75,000)	(0.22)
Telecom	(780,638)	(2.47)	(307,649)	(0.91)
Solid waste	(47,060)	(0.15)	(107,846)	(0.32)
Airport	(209,162)	(0.66)	345,180	1.02
	(3,009,984)	(9.51)	(3,256,170)	(9.61)
Total Revenues	$ 31,663,488	100.00	$ 33,874,766	100.00

Business-type Activities – Expenses by Source

	Sept. 30, 2013		Sept. 30, 2012	
	Amount	Percent	Amount	Percent
Water and sewer	$ 2,547,613	9.13	$ 2,204,133	7.09
Gas	9,241,596	33.12	13,272,463	42.68
Electric	11,815,282	42.34	11,390,494	36.63
CNS -cable	2,716,937	9.74	2,740,681	8.81
Telecom	363,099	1.30	359,152	1.16
Solid waste	785,662	2.81	733,558	2.36
Airport	435,466	1.56	396,090	1.27
	$ 27,905,655	100.00	$ 31,096,571	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, 2013, the General Fund had a fund balance of $7,532,020, a decrease of $162,191 for the year. Transfers from the business-type activities of $3,009,984 absorbed shortages in budgeted revenues and reduction in budget expenditures to offset this decrease.

Actual revenue exceeded budgeted revenues by $100,924. An increase in charges for services, property tax, and other taxes contributed to this overage.

Budgeted expenditures exceeded actual expenditures by $478,970. 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 $2,257 during the year. Budgeted revenues exceeded actual revenues by $5,278. Budgeted expenditures exceeded actual expenditures by $3,535 which was for debt service and economic development.

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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 position of these funds are as follows:

	Balance Sept. 30, 2013	Balance Sept. 30, 2012	Change (Decrease)
Water & sewer	$ 16,303,614	$ 15,099,081	$ 1,204,533
Electric	13,893,507	11,901,092	1,992,415
Gas	4,951,856	4,133,453	818,403
Solid waste	58,802	70,583	(11,781)
Airport	3,790,998	3,913,349	(122,351)
Cable TV	(4,523,326)	(4,702,691)	179,365
Telecom	237,550	540,301	(302,751)
	$ 34,713,001	$ 30,955,168	$ 3,757,833

The decreases in the solid waste, airport, and telecom funds is a result of transfers for the fiscal year ending September 30, 2013.

Capital Assets:

The City of Camilla has invested $57,117,023 and $56,116,308 in capital assets (net of depreciation) as of September 30, 2013 and 2012, respectively. Capital assets include land, buildings, improvements, equipment and vehicles, infrastructure, facilities and construction in progress. Business-type activities account for 79.79% and 77.96% of this investment while 20.21% and 22.04% 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, 2013

Capital assets are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land	$ 689,141	$ 1,366,673	$ 2,055,814
Buildings	6,945,807	1,717,061	8,662,868
Improvements	1,561,160	98,650	1,659,810
Equipment and vehicles	2,672,818	2,236,887	4,909,705
Infrastructure	10,920,195		10,920,195
Facilities		54,891,903	54,891,903
Construction in progress	312,529	2,308,747	2,621,276
	23,101,650	62,619,921	85,721,571
Accumulated depreciation	11,560,524	17,044,024	28,604,548
	$ 11,541,126	$ 45,575,897	$ 57,117,023

CITY OF CAMILLA
Capital Assets (Net of Depreciation)
As of September 30, 2012

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	1,583,689	9,103,511
Improvements	1,561,160	98,650	1,659,810
Equipment and vehicles	2,586,704	2,072,215	4,658,919
Infrastructure	10,831,015		10,831,015
Facilities		53,256,561	53,256,561
Construction in progress	493,453	983,375	1,476,828
	23,713,961	59,346,163	83,060,124
Accumulated depreciation	11,344,294	15,599,522	26,943,816
	$ 12,369,667	$ 43,746,641	$ 56,116,308

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, notes payable and capital leases.

As of September 30, 2013, the City had $998,801 of long-term debt related to Governmental Activities and $21,578,524 of long-term debt related to business-type activities for a total of $22,577,325. Previous year's total was $24,377,086. This is a decrease of $1,799,761. New debt was incurred in the amount of $1,731,042 in the fiscal year. This was a SRF Loan in the Water and Sewer Fund for a water meter replacement project.

CITY OF CAMILLA
Long – Term Debt
As of September 30, 2013

	Governmental Activities	Business-Type Activities	Total
Leases	$ 998,801		$ 998,801
Notes payable		16,408,524	16,408,524
Bonds payable		5,170,000	5,170,000
	$ 998,801	$ 21,578,524	$ 22,577,325

CITY OF CAMILLA
Long – Term Debt
As of September 30, 2012

	Governmental Activities	Business-Type Activities	Total
Leases	$ 1,023,116	$ 1,538,828	$ 2,561,944
Notes payable		16,280,142	16,280,142
Bonds payable		5,535,000	5,535,000
	$ 1,023,116	$ 23,353,970	$ 24,377,086

The revenue bonds issued in April 2005 and outstanding at September 30, 2013, 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, 2014 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 2014 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 delayed.
8. User fees and utility rates were reviewed and adjusted as needed.
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 Position
September 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash	$ 3,872,834	$ 4,067,281	$ 7,940,115
Investments:			
MEAG Municipal Competitive Trust - Flexible Operating Account		5,170,107	5,170,107
South Georgia Governmental Services Authority		645,968	645,968
Receivables (Net):			
Taxes	10,452		10,452
Accounts	20,756	2,973,105	2,993,861
Other governments	264,696		264,696
Interest		7,358	7,358
Other	72,901		72,901
Internal balances	3,370,073	(3,370,073)	
Inventories	358,541	48,062	406,603
Prepaid expenses	23,618		23,618
Restricted assets:			
Cash	15,227	491,662	506,889
Total Current Assets	8,009,098	10,033,470	18,042,568
Noncurrent Assets:			
Restricted assets:			
Cash		1,160,966	1,160,966
MEAG Municipal Competitive Trust - New Generation Account		2,799,110	2,799,110
Notes receivable	415,621		415,621
Prepaid electricity		650,328	650,328
Capital Assets:			
Nondepreciable	1,001,670	3,675,420	4,677,090
Depreciable (net)	10,539,456	41,900,477	52,439,933
Total Noncurrent Assets	11,956,747	50,186,301	62,143,048
Total Assets	$ 19,965,845	$ 60,219,771	$ 80,185,616
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 303,512	$ 2,572,348	$ 2,875,860
Accrued salaries and vacation pay		47,104	47,104
Accrued interest		117,345	117,345
Sales tax		45,934	45,934
Customer deposits	277,725	7,053	284,778
Capital leases	24,400		24,400
Notes, mortgages and revenue bonds payable		1,959,662	1,959,662
Total Current Liabilities	605,637	4,749,446	5,355,083
Noncurrent Liabilities:			
Vacation Pay	112,018		112,018
Capital leases	974,401		974,401
Notes, mortgages and revenue bonds payable		19,618,862	19,618,862
Premium on revenue bonds (net)		156,900	156,900
Customer deposits and debt reserve		981,562	981,562
Total Noncurrent Liabilities	1,086,419	20,757,324	21,843,743
Total Liabilities	1,692,056	25,506,770	27,198,826
NET POSITION			
Net investment in capital assets	10,542,325	23,954,135	34,496,460
Restricted for construction		116,662	116,662
Restricted for loan payments		1,535,966	1,535,966
Restricted for power generation		2,799,110	2,799,110
Restricted for repairs	15,229		15,229
Unrestricted	7,716,235	6,307,128	14,023,363
Total Net Position	18,273,789	34,713,001	52,986,790
Total Liabilities and Net Position	$ 19,965,845	$ 60,219,771	$ 80,185,616

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

CITY OF CAMILLA, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2013

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	$ 2,164,588	$ 852,028	$ 82,418	$	$ (1,230,142)	$	$ (1,230,142)
Public safety	2,516,418	394,717	1,699	58,403	(2,061,599)		(2,061,599)
Public works	1,807,121	262,589		377,700	(1,166,832)		(1,166,832)
Planning, zoning and housing	378,276	63,506	185,073		(129,697)		(129,697)
Economic development	44,957				(44,957)		(44,957)
Interest on long term debt	68,141				(68,141)		(68,141)
Total Governmental Activities	6,979,501	1,572,840	269,190	436,103	(4,701,368)		(4,701,368)
Business-type activities:							
Water and sewer	2,547,613	3,983,616		11,000		1,447,003	1,447,003
Gas	9,241,596	10,795,040				1,553,444	1,553,444
Electric	11,815,282	14,681,208				2,865,926	2,865,926
CNS cable	2,716,937	2,874,193		122,685		279,941	279,941
Telecom	363,099	840,986				477,887	477,887
Solid waste	785,662	820,941				35,279	35,279
Airport	435,466	214,190		308,087		86,811	86,811
Total Business-Type Activities	27,905,655	34,210,174		441,772		6,746,291	6,746,291
Total Government	$ 34,885,156	$ 35,783,014	$ 269,190	$ 877,875			
General Revenue:							
Property taxes					930,502		930,502
Other taxes					430,761		430,761
Investment income (loss)					42,445	13,556	56,001
Gain on sale of capital assets					30,125	7,970	38,095
Special item - donation of assets					(713,059)		(713,059)
Transfers					3,009,984	(3,009,984)	
Total General Revenue, Special Items and Transfers					3,730,758	(2,988,458)	742,300
Change in net position					(970,610)	3,757,833	2,787,223
Net position beginning of year, restated					19,244,399	30,955,168	50,199,567
Net position end of year					$ 18,273,789	$ 34,713,001	$ 52,986,790

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

CITY OF CAMILLA, GEORGIA
BALANCE SHEET
Governmental Funds
September 30, 2013

	General Fund	Capital Project Fund SPLOST	Special Revenue Funds Hotel/Motel Tax	Special Revenue Funds Development Authority	Total Governmental Funds
ASSETS					
Cash	$ 3,869,421	$	$	$ 3,413	$ 3,872,834
Receivables (net):					
Taxes	10,452				10,452
Accounts	20,756				20,756
Other governments	264,696				264,696
Notes				415,621	415,621
Other	72,901				72,901
Advances to other funds	4,383,794				4,383,794
Inventories	27,938			330,603	358,541
Prepaid expenses	23,618				23,618
Restricted assets:					
Cash	15,227				15,227
Total Assets	$ 8,688,803	$	$	$ 749,637	$ 9,438,440
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 303,512	$	$	$	$ 303,512
Advances from other funds	575,546			438,175	1,013,721
Customer deposits	277,725				277,725
	1,156,783			438,175	1,594,958
Fund Balances:					
Nonspendable	3,997,175			746,224	4,743,399
Restricted	130,140				130,140
Committed	236,440				236,440
Assigned	473,068				473,068
Unassigned	2,695,197			(434,762)	2,260,435
	7,532,020			311,462	7,843,482
Total Liabilities and Fund Balances	$ 8,688,803	$	$	$ 749,637	$ 9,438,440

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 Position
September 30, 2013

Total fund balance – governmental funds		$ 7,843,482
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	$ 23,101,650	
Less accumulated depreciation	11,560,524	11,541,126
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases	$ (998,801)	
Accrued vacation pay	(112,018)	(1,110,819)
Net position of governmental activities		$18,273,789

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, 2013

	General Fund	Capital Project Fund SPLOST	Special Revenue Funds Hotel/Motel Tax	Special Revenue Funds Development Authority	Total Governmental Funds
Revenues:					
Property taxes	$ 930,502	$	$	$	$ 930,502
Other taxes	407,720		23,041		430,761
Licenses and permits	201,577				201,577
Charges for services	378,282			435,000	813,282
Fines and forfeitures	394,717				394,717
Interest income	32,723			9,722	42,445
Intergovernmental	219,190	486,103			705,293
Building & land rental	149,099				149,099
Miscellaneous revenues	14,164				14,164
Total Revenues	2,727,974	486,103	23,041	444,722	3,681,840
Expenditures:					
Current:					
General Government	1,571,454	50,000		427,017	2,048,471
Public Safety	2,407,696	58,403			2,466,099
Public Works	1,477,744	377,700			1,855,444
Planning, zoning and housing	374,458				374,458
Economic development	21,916		23,041		44,957
Debt service:					
Principal	24,314				24,314
Interest	52,693			15,448	68,141
Total Expenditures	5,930,275	486,103	23,041	442,465	6,881,884
Excess (deficiency) of revenues over expenditures	(3,202,301)			2,257	(3,200,044)
Other financing sources (uses):					
Sale of capital assets	30,125				30,125
Transfers in	3,009,985				3,009,985
Transfers out					
Total other financing sources (uses)	3,040,110				3,040,110
Net change in fund balances	(162,191)			2,257	(159,934)
Fund balances beginning of year	7,694,211			309,205	8,003,416
Fund balances end of year	$ 7,532,020	$	$	$ 311,462	$ 7,843,482

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, 2013

Net changes in fund balances – governmental funds		$ (159,934)
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	$ 545,053	
Depreciation expense	(660,535)	(115,482)
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 position.		
Repayment of principal		24,314
The donation of capital assets to other governments and local Charities has no effect on Governmental fund statements but Reduces net position in Government wide statements		
Donated capital assets (special item)		(713,059)
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		(6,449)
Change in net position of governmental activities		$ (970,610)

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, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Property taxes	$ 889,600	$ 889,600	$ 930,502	$ 40,902
Other taxes	375,100	375,100	407,720	32,620
Licenses and permits	212,450	212,450	201,577	(10,873)
Charges for services	353,400	353,400	378,282	24,882
Fines and forfeitures	395,000	395,000	394,717	(283)
Interest income	25,000	25,000	32,723	7,723
Intergovernmental	31,000	221,000	219,190	(1,810)
Rental	138,500	138,500	149,099	10,599
Miscellaneous revenues	17,000	17,000	14,164	(2,836)
Total Revenues	2,437,050	2,627,050	2,727,974	100,924
Expenditures:				
Current:				
General government	1,723,810	1,723,810	1,571,454	(152,356)
Public safety	2,563,935	2,563,935	2,407,696	(156,239)
Public works	1,541,350	1,541,350	1,477,744	(63,606)
Planning, zoning and housing	221,150	411,150	374,458	(36,692)
Economic development	92,000	92,000	21,916	(70,084)
Debt service:				
Principal	23,500	23,500	24,314	814
Interest	53,500	53,500	52,693	(807)
Total Expenditures	6,219,245	6,409,245	5,930,275	(478,970)
Excess (deficiency) of revenues over expenditures	(3,782,195)	(3,782,195)	(3,202,301)	579,894
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	30,125	25,125
Transfers in	4,001,400	4,001,400	3,009,985	(991,415)
Transfers out	(201,900)	(201,900)		201,900
	3,804,500	3,804,500	3,040,110	(764,390)
Net change in fund balance	22,305	22,305	(162,191)	$ (184,496)
Fund balance beginning of year	7,694,211	7,694,211	7,694,211	
Fund balance end of year	$ 7,716,516	$ 7,716,516	$ 7,532,020	

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, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Hotel/Motel tax	$ 16,000	$ 16,000	$ 23,041	$ 7,041
Expenditures:				
Economic development	16,000	16,000	23,041	7,041
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, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Sale of inventory	$ 440,000	$ 440,000	$ 435,000	$ (5,000)
Interest income	10,000	10,000	9,722	(278)
Total Revenues	450,000	450,000	444,722	(5,278)
Expenditures:				
General government	430,000	430,000	427,017	(2,983)
Debt Service:				
Principal				
Interest	16,000	16,000	15,448	(552)
Total Expenditures	446,000	446,000	442,465	(3,535)
Excess (deficiency) of revenues over expenditures	4,000	4,000	2,257	(1,743)
Other financing sources:				
Transfers In				
Transfers out				
Net change in fund balance	4,000	4,000	2,257	$ (1,743)
Fund Balance beginning of year	309,205	309,205	309,205	
Fund Balance end of year	$ 313,205	$ 313,205	$ 311,462	

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

CITY OF CAMILLA, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2013

	Business - Type Activities - Enterprise Funds							
	Water and Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
ASSETS								
Current Assets:								
Cash	$ 2,048,890	$ 283,047	$ 1,735,344	$	$	$	$	$ 4,067,281
Investments								
MEAG Municipal Competitive Trust - Flexible Operating Acct			5,170,107					5,170,107
South Georgia Governmental Services Authority				645,968				645,968
Receivables (Net):								
Accounts	328,741	827,187	1,391,202	240,400	108,187	69,856	7,532	2,973,105
Interest				7,358				7,358
Taxes								-
Advances to other funds		575,546						575,546
Inventories							48,062	48,062
Restricted Assets:								
Cash	3,000			488,662				491,662
Total Current Assets	2,380,631	1,685,780	8,296,653	1,382,388	108,187	69,856	55,594	13,979,089
Noncurrent Assets:								
Restricted Assets								-
Cash	565,914			595,052				1,160,966
MEAG Municipal Competitive Trust - New Generation Account			2,799,110					2,799,110
Prepayments and Deferred Charges:								
Bond Issue Cost (net)								-
Prepaid Electricity			650,328					650,328
Capital Assets:								
Land	1,225,703	40,479	14,640	15,000			70,851	1,366,673
Improvements		19,000	79,650					98,650
Buildings	866,248	42,918	44,518	133,372			630,005	1,717,061
Equipment and vehicles	479,955	305,276	668,178	434,503	14,416	245,627	88,932	2,236,887
Facilities	35,436,754	5,359,045	3,632,092	5,581,846	749,137		4,133,029	54,891,903
Construction in progress	2,308,747							2,308,747
Accumulated depreciation	(9,344,697)	(1,262,825)	(1,263,858)	(3,180,558)	(606,987)	(203,849)	(1,181,250)	(17,044,024)
Net Capital Assets	30,972,710	4,503,893	3,175,220	2,984,163	156,566	41,778	3,741,567	45,575,897
Total Assets	$ 33,919,255	$ 6,189,673	$ 14,921,311	$ 4,961,603	$ 264,753	$ 111,634	$ 3,797,161	$ 64,165,390
LIABILITIES								
Current Liabilities:								
Accounts payable	$ 152,144	$ 1,226,882	$ 968,207	$ 154,900	$ 18,423	$ 49,507	$ 2,285	$ 2,572,348
Advances from other funds				3,945,619				3,945,619
Accrued interest	60,736			56,609				117,345
Accrued salaries and vacation pay	12,675	7,031	19,680	732		3,325	3,661	47,104
Sales tax		3,904	39,917	169	1,727		217	45,934
Customer deposits					7,053			7,053
GEFA loans	375,744							375,744
State revolving loans	1,208,918							1,208,918
Revenue bonds				375,000				375,000
Total Current Liabilities	1,810,217	1,237,817	1,027,804	4,533,029	27,203	52,832	6,163	8,695,065
Noncurrent liabilities:								
GEFA loans	1,767,106							1,767,106
State revolving loans	13,056,756							13,056,756
Revenue bonds				4,795,000				4,795,000
Bond premium (net)				156,900				156,900
Customer deposit and debt reserve	981,562							981,562
Total Noncurrent Liabilities	15,805,424			4,951,900				20,757,324
Total Liabilities	17,615,641	1,237,817	1,027,804	9,484,929	27,203	52,832	6,163	29,452,389
NET POSITION								
Net Investment in capital assets	14,564,186	4,503,893	3,175,220	(2,229,075)	156,566	41,778	3,741,567	23,954,135
Restricted for construction	3,000			113,662				116,662
Restricted for loan payments	565,914			970,052				1,535,966
Restricted for power generation			2,799,110					2,799,110
Unrestricted	1,170,514	447,963	7,919,177	(3,377,965)	80,984	17,024	49,431	6,307,128
Total Net Position	16,303,614	4,951,856	13,893,507	(4,523,326)	237,550	58,802	3,790,998	34,713,001
Total Liabilities and Net Position	$ 33,919,255	$ 6,189,673	$ 14,921,311	$ 4,961,603	$ 264,753	$ 111,634	$ 3,797,161	$ 64,165,390

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2013

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Operating Revenues:								
Charges for services	$ 1,962,174	$ 10,250,166	$ 13,276,149	$ 2,691,393	$ 831,959	$ 803,680	$ 196,600	$ 30,012,121
Sewer surcharges	338,399							338,399
Availability charges	1,615,818	516,722						2,132,540
MEAG discretionary income			1,173,330					1,173,330
Rental	21,235		76,254	159,435			17,590	274,514
Miscellaneous	45,990	28,152	155,475	23,365	9,027	17,261		279,270
Total Operating Revenue	3,983,616	10,795,040	14,681,208	2,874,193	840,986	820,941	214,190	34,210,174
Operating Expenses:								
Personnel services	440,858	177,033	482,604	4,385		81,235	95,680	1,281,795
Contractual services	313,861	28,377	21,986	66,806	8,560	2,423	28,892	470,905
Cost of sales and services		8,712,697	10,978,845	1,812,621	310,527	654,807	148,724	22,618,221
Repairs	274,168	28,145	67,344	56,717	7,355	7,496	12,311	453,536
Material and supplies	99,470	60,617	68,924	44,126			6,618	279,755
Rental	15,132	4,236	621	88,824			7,800	116,613
Warehouse expense	14,011	14,007	14,007	14,966				56,991
Bad debts	24,755	5,161	56,091	71,482	8,527	11,061	264	177,341
Depreciation	805,968	112,797	93,211	302,284	27,753	10,979	129,210	1,482,202
Other	41,879	18,108	31,649	35,892		17,661	5,967	151,156
Total Operating Expenses	2,030,102	9,161,178	11,815,282	2,498,103	362,722	785,662	435,466	27,088,515
Operating Income (loss)	1,953,514	1,633,862	2,865,926	376,090	478,264	35,279	(221,276)	7,121,659
Nonoperating revenues (expenses):								
Investment income (Loss)	9,500	8,055	21,577	(25,576)				13,556
Interest expense	(517,511)	(80,418)		(218,834)	(377)			(817,140)
Gain on Sale of Capital Assets		7,970						7,970
Total nonoperating revenue (expenses)	(508,011)	(64,393)	21,577	(244,410)	(377)			(795,614)
Income (loss) before grants, contributions, and transfers	1,445,503	1,569,469	2,887,503	131,680	477,887	35,279	(221,276)	6,326,045
Capital grants and contributions	11,000			122,685			308,087	441,772
Transfers in								
Transfers out	(251,970)	(751,066)	(895,088)	(75,000)	(780,638)	(47,060)	(209,162)	(3,009,984)
Change in net position	1,204,533	818,403	1,992,415	179,365	(302,751)	(11,781)	(122,351)	3,757,833
Net position beginning of year, Restated	15,099,081	4,133,453	11,901,092	(4,702,691)	540,301	70,583	3,913,349	30,955,168
Net position end of year	$ 16,303,614	$ 4,951,856	$ 13,893,507	$ (4,523,326)	$ 237,550	$ 58,802	$ 3,790,998	$ 34,713,001

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, 2013

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Cash flows from operating activities:								
Receipts from customers	$ 3,939,298	$ 10,573,991	$ 13,914,968	$ 2,951,120	$ 1,112,229	$ 805,032	$ 213,283	$ 33,509,921
Payments to suppliers	(806,587)	(8,670,096)	(11,490,536)	(2,192,525)	(332,778)	(694,107)	(216,843)	(24,403,472)
Payments to employees	(439,261)	(178,100)	(484,320)	(4,319)		(81,126)	(95,365)	(1,282,491)
Other operating receipts	45,990	28,152	155,475	23,365	9,027	17,261		279,270
Net cash provided (used) by operating activities	2,739,440	1,753,947	2,095,587	777,641	788,478	47,060	(98,925)	8,103,228
Cash flows from noncapital financing activities:								
Transfers (to) from other funds	(251,970)	(751,066)	(895,088)	(75,000)	(780,638)	(47,060)	(209,162)	(3,009,984)
Advances (to) from other funds		(132,721)		125,587				(7,134)
Net cash provided (used) by noncapital financing activities	(251,970)	(883,787)	(895,088)	50,587	(780,638)	(47,060)	(209,162)	(3,017,118)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(2,043,079)	(235,360)	(607,773)	(266,073)	(7,463)			(3,159,748)
Principal paid on capital leases		(1,538,828)						(1,538,828)
Principal paid on GEFA loans	(358,643)							(358,643)
Principal paid on State revolving loans	(1,244,017)							(1,244,017)
Principal paid on Revenue bonds				(365,000)				(365,000)
Reduction in debt reserve	(18,398)							(18,398)
Proceeds from state revolving loans	1,731,042							1,731,042
Capital grants and contributions	11,000			122,685			308,087	441,772
Interest paid	(525,636)	(88,730)		(237,107)	(377)			(851,850)
Proceeds from sale of capital assets		7,970						7,970
Net cash provided (used) by capital and related financing activities	(2,447,731)	(1,854,948)	(607,773)	(745,495)	(7,840)		308,087	(5,355,700)
Cash flows from investing activities:								
Investment in Authority				(115,429)				(115,429)
Interest and investment receipts	10,184	8,157	21,683	24,547				64,571
Net cash provided (used) by investing activities	10,184	8,157	21,683	(90,882)				(50,858)
Net increase (decrease) in cash and cash equivalents	49,923	(976,631)	614,409	(8,149)				(320,448)
Cash and cash equivalents beginning of year	2,567,881	1,259,678	6,291,042	1,091,863				11,210,464
Cash and cash equivalents end of year	$ 2,617,804	$ 283,047	$ 6,905,451	$ 1,083,714	$	$	$	$ 10,890,016

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, 2013

	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)	$ 1,953,514	$ 1,633,862	$ 2,865,926	$ 376,090	$ 478,264	$ 35,279	$ (221,276)	$ 7,121,659
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	805,968	112,797	93,211	302,284	27,753	10,979	129,210	1,482,202
(Increase) decrease in accounts receivable	1,672	(192,897)	(30,162)	100,292	280,270	1,352	(907)	159,620
(Increase) decrease in inventories							430	430
(Increase) decrease in prepaid electricity			(67,724)					(67,724)
(Increase) decrease in Restricted Investments			(580,603)					(580,603)
Increase (decrease) in operating accounts payable	(23,311)	316,425	(144,409)	(1,103)	2,247	(659)	(6,905)	142,285
Increase (decrease) in accrued expenses	1,597	(1,067)	(1,716)	66		109	315	(696)
Increase (decrease) in sales tax payable		(115,173)	(38,936)	12	303		208	(153,586)
Increase (decrease) in customer deposits					(359)			(359)
Net cash provided (used) by operating activities	$ 2,739,440	$ 1,753,947	$ 2,095,587	$ 777,641	$ 788,478	$ 47,060	$ (98,925)	$ 8,103,228
Non-cash investing, capital and financing activities:								
Appreciation (depreciation) in investments included in income				(50,028)				$ (50,028)
Amortization bond premium				(15,307)				(15,307)
Capital asset purchases included in year end accounts payable	98,697							98,697
Construction sales tax refund in year end accounts receivable								
	$ 98,697	$	$	$ (65,335)	$	$	$	$ 33,362

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 financial statements of the City of Camilla, Georgia (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, including component units, the City has adopted GASB Statement of Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.*

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 ended 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 position 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 2013, 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 position 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 2013. 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, 2013 was $14,194.

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, 2013, 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

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

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

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

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

See Note 23 for details of the City's amounts in each classification.

Net Position

Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City does not have an item which qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have an item which qualifies for reporting in this category.

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)	$39,931,536
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, 2011, 2012 and 2013, the City paid claims each year (up to the deductible) totaling $2,722, $48,410 and $13,259, 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, 2013. No provisions have been made in the financial statements for the year ended September 30, 2013 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, 2012	Increase	Decrease	Balance Sept. 30, 2013
Governmental activities:				
Nondepreciable assets:				
Land	$ 721,807	$	$ 32,666	$ 689,141
Construction in progress	493,453	69,076	250,000	312,529
	1,215,260	69,076	282,666	1,001,670
Depreciable assets:				
Buildings	7,519,822		574,015	6,945,807
Improvements	1,561,160			1,561,160
Equipment and vehicles	2,586,704	386,797	300,683	2,672,818
Infrastructure	10,831,015	89,180		10,920,195
	22,498,701	475,977	874,698	22,099,980
Less accumulated depreciation:				
Buildings	2,816,072	169,144	143,622	2,841,594
Improvements	1,157,405	41,445		1,198,850
Equipment and vehicles	1,725,907	176,992	300,683	1,602,216
Infrastructure	5,644,910	272,954		5,917,864
	11,344,294	660,535	444,305	11,560,524
Governmental activities capital assets (net)	$ 12,369,667	$ (115,482)	$ 713,059	$ 11,541,126

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	Balance Sept. 30, 2012	Increase	Decrease	Balance Sept. 30, 2013
Business-type activities:				
Nondepreciable assets:				
Land	$ 1,351,673	$ 15,000	$	$ 1,366,673
Construction in progress	983,375	1,325,372		2,308,747
	2,335,048	1,340,372		3,675,420
Depreciable assets:				
Buildings	1,583,689	133,372		1,717,061
Improvements	98,650			98,650
Equipment and vehicles	2,072,215	202,372	37,700	2,236,887
Facilities	53,256,561	1,635,342		54,891,903
	57,011,115	1,971,086	37,700	58,944,501
Less accumulated depreciation:				
Buildings	643,825	40,693		684,518
Improvements	96,275	950		97,225
Equipment and vehicles	1,701,253	1,258,024	37,700	2,921,577
Facilities	13,158,169	182,535		13,340,704
	15,599,522	1,482,202	37,700	17,044,024
Business-type activities capital assets (net)	$ 43,746,641	$ 1,829,256	$	$ 45,575,897

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 185,306
Public safety	143,701
Public works (including infrastructure)	328,273
Planning, zoning and housing	3,255
	$ 660,535
Business-type activities:	
Water and sewer	$ 805,968
Gas	112,797
Electric	93,211
CNS cable	302,284
Telecommunications	27,753
Solid Waste	10,979
Airport	129,210
	$ 1,482,202

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, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

Lease Payable

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

	Balance September 30, 2012	Additions	Payments	Balance September 30, 2013
Capital Lease Obligations	$ 1,023,116	$	$ 24,315	$ 998,801

The above balance at September 30, 2013 consists of the following:

	Interest Rate	Original Balance	Date of Maturity	Collateral	Outstanding at Sept. 30, 2013	Amount due in one year
Downtown Camilla Development Authority	5.00	$1,303,100	4/36	Building	$998,801	$ 24,400

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

Buildings	$1,303,100

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, 2013:

Year Ending September 30,	Principal	Interest	Total
2014	$ 24,400	$ 52,162	$ 76,562
2015	25,690	50,942	76,632
2016	27,030	49,658	76,688
2017	28,460	48,306	76,766
2018	29,940	46,883	76,823
2019-2023	175,040	210,321	385,361
2024-2028	226,080	161,748	387,828
2029-2033	291,980	98,953	390,933
2034-2036	170,181	21,788	191,969
Present value of minimum lease payments	$ 998,801	$ 740,761	$ 1,739,562

BUSINESS-TYPE ACTIVITIES

Lease Payable

The City's Natural Gas System was obligated under a lease accounted for as a capital lease. The leased assets were carried on the fund balance sheets as Capital Assets and the related obligation was carried as a Long-Term Liability. During 2013 the City Council voted to liquidate the liability with available funds. The following is a summary of the Natural Gas Systems capital lease transactions for the year ended September 30, 2013

	Natural Gas System
Balance September 30, 2012	$ 1,538,828
Payments	1,538,828
Balance September 30, 2013	$ 0

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

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 $8,433,561 bearing interest at 3% is payable in 240 monthly payments of $46,772 starting June 1, 2012.

SRF - The SRF Loan dated March 12, 2012 for $1,945,000 bearing interest at 2.54% is currently a construction loan with $1,731,042 drawn and outstanding at September 30, 2013. This loan will be converted to permanent financing at the completion of the project.

The following is a summary of loan activity for the year ended September 30, 2013:

	Balance Sept. 30, 2012	Additions	Conversion or Payments	Balance Sept. 30, 2013	Amount due in one year
GEFA (2/23/96)	$ 489,734	$	$ 131,715	$ 358,019	$ 138,130
GEFA (6/24/97)	474,368		76,421	397,947	80,514
GEFA (10/8/99)	789,750		78,311	711,439	81,838
GEFA (5/26/99)	747,641		72,196	675,445	75,262
Total GEFA Permanent loans	$ 2,501,493	$	$ 358,643	$ 2,142,850	$ 375,744
SRF (4/30/96)	$ 2,056,929	$	$ 518,855	$ 1,538,074	$ 539,923
SRF (6/9/99)	2,343,632		254,272	2,089,360	261,986
SRF (5/22/03)	1,021,785		66,844	954,941	68,872
SRF (2/22/10)	8,356,303		404,046	7,952,257	327,175
Total SRF Permanent loans	13,778,649		1,244,017	12,534,632	1,197,956
SRF (3/12/12) Construction		1,731,042		1,731,042	10,962
	$ 13,778,649	$ 1,731,042	$ 1,244,017	$ 14,265,674	$ 1,208,918

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

	GEFA Principal	SRF Principal	Interest	Total
Year ending Sept. 30,				
2014	$ 375,744	$ 1,208,918	$ 474,432	$ 2,059,094
2015	393,759	1,307,478	449,923	2,151,160
2016	335,646	1,204,156	386,518	1,926,320
2017	273,081	790,964	340,859	1,404,904
2018	236,591	814,658	294,728	1,345,977
2019-2023	528,029	3,535,522	1,074,243	5,137,794
2024-2028		2,956,879	570,981	3,527,860
2029-2033		2,447,099	146,306	2,593,405
	$ 2,142,850	$14,265,674	$ 3,737,990	$20,146,514

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, 2013:

Balance Sept. 30, 2012	Payments	Balance Sept. 30, 2013	Amount Due in one Year
$ 5,535,000	$ 365,000	$ 5,170,000	$ 375,000

Future payment requirements for these bonds are as follows:

	Principal	Interest	Total
Year ending September 30,			
2014	$ 375,000	$ 219,733	$ 594,733
2015	390,000	206,448	596,448
2016	405,000	189,743	594,743
2017	425,000	168,992	593,992
2018	445,000	147,243	592,243
2019-2023	2,555,000	396,110	2,951,110
2024	575,000	11,931	586,931
Total	$5,170,000	$ 1,340,200	$ 6,510,200

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, 2013 were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	CNS Cable System	$ 3,945,619	Operating & Construction Resources
Gas Fund	General Fund	575,546	Gas Sale Receipts
General Fund	Development Authority	438,175	Mortgage Liquidation & Building Renovation

Interfund transfers for the year ended September 30, 2013 were as follows:

Transferor	Transferee	Amount	Purpose
Water & Sewer	General Fund	$ 251,970	Supplement General Govt. Revenue
Gas	General Fund	751,066	Supplement General Govt. Revenue
Electric	General Fund	895,088	Supplement General Govt. Revenue
CNS Cable	General Fund	75,000	Supplement General Govt. Revenue
Telecommunication	General Fund	780,638	Supplement General Govt. Revenue
Solid Waste	General Fund	47,060	Supplement General Govt. Revenue
Airport	General Fund	209,162	Supplement General Govt. Revenue
		$3,009,984	

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, 2013 cannot be reasonably estimated.

7. PENSION PLANS

Defined Benefit 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, 2013, the City's pension cost of $247,786 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, 2012 through December 31, 2012 under the January 1, 2012 actuarial valuation and for the period January 1, 2013 through September 30, 2013 under the January 1, 2013 actuarial valuation. Contributions as a percentage of covered payroll were 10.14% for 2012 and 9.29% for 2013. Actuarial assumptions included (a) investment rate of return of 7.75%, and (b) projected salary increases of 3.5% 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 2012 and 2013.

Trend Information

For the year ending,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
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-
September 30, 2012	263,184	100%	-0-
September 30, 2013	247,786	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
1/1/03	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%)
1/1/12	4,701,633	5,253,547	(551,914)	(89%)	2,683,238	(21%)
1/1/13	4,973,299	5,488,977	(515,678)	(91%)	2,693,406	(19%)

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.

Defined Contribution Plan

Plan Description

The City also has a 401(a) defined contribution plan administered by the Georgia Municipal Association. The Plan is available to all employees of the City who work at least 30 hours per week after 90 days of service. Contributions to the Plan are matched 100% by the City up to 9% of gross payroll for type A employees (city manager) and 1% of gross payroll for type B employees (all others). Contributions to the Plan for the year ended September 30, 2013 totaled $54,572 for City employees and $26,393 for the City's match. Vesting is immediate for type A employees and 100% after five years of service for all others.

The Plan, named the Georgia Municipal Association 401(a) Deferred Contribution Plan was approved by the City Council by resolution on May 14, 2012. Amendments to the Plan can be made only with City Council approval.

8. RESTRICTED ASSETS

Restricted assets at September 30, 2013, consist of cash and investments held in various accounts for specific purposes as follows:

	Restriction	Current	Long Term	Total
Governmental-type activities				
Reserve fund	Repairs	$ 15,227	$	$ 15,227
Business-Type Activities:				
Electric System:				
MEAG Municipal Competitive Trust	Power Generation	$	$ 2,799,110	$ 2,799,110
CNS Cable System:				
Bond proceeds	Construction	113,662		113,662
Reserve fund	Bond payments	375,000	595,052	970,052
Water & Sewer System:				
Reserve fund	GEFA/SRF loan		565,914	565,914
CDBG Grant	Construction	3,000		3,000
Total Business-Type Activities		$491,662	$3,960,076	$ 4,451,738

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 2012 taxes was September 9th 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	$ 100,924
Water & Sewer Expenses	66,579
CNS Cable Revenue	24,693
Telecom Revenue	68,986
Telecom Expenses	14,769

6) Deficit net assets or fund balance: CNS Cable System $4,523,326. 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, 2013. 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, 2013, the City and its component unit had $3,000 in cash funds on hand and bank deposits as follows:

Carrying value	$9,604,970
Bank balances	$9,747,329

Of the bank balances, $750,000 was covered by Federal Deposit Insurance. 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, 2013 include the following:

Current:	
MEAG Municipal Competition Trust - Flexible Operating Account	$ 5,170,107
Noncurrent:	
MEAG Municipal Competition Trust - New Generation Trust Account	2,799,110
	$ 7,969,217

See Note 19 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 $645,968.

See Note 17 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 $11,483,581 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 $23,041 in Hotel/Motel tax during the year ended September 30, 2013. 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.

17. JOINT VENTURES

Southwest Georgia Regional Commission

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 Commission (SGRC) and is required to pay annual dues thereto. During its year ended September 30, 2013, the City paid $5,492 in such dues. Membership in an SGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the SGRC in Georgia. The SGRC 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 SGRC. Separate financial statements may be obtained from Southwest Georgia Regional Commission, 181 East 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, 2013. 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, 2012, and the City's investment in this joint venture is carried on the equity basis at $645,968 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.

18. 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 $32,418 as payment in lieu of taxes from the Authority during 2013.

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.

19. 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, 2013 the outstanding debt of MEAG was approximately $5.90 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $100.9 million at September 30, 2013.

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 $5,170,107 at September 30, 2013 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 $2,799,110 at September 30, 2013 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, 2013 were as follows:

Credit Support Operating Account	$ 10,307
Reserve Funded Debt Account	3,064,677

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, 2013, 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.

20. FUND BALANCE DEFICITS

The CNS Cable System fund had a deficit net position balance of $4,523,326 at September 30, 2013 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.

21. CONSTRUCTION

During 2012 the City began a water and sewer construction project to replace all water meters and the water main. Cost incurred to September 30, 2013 was $1,768,061. Total cost of the project is projected to be $1,945,000 and will be financed with a loan from the Georgia State Revolving Loan Fund.

22. GOVERNMENTAL FUND BALANCE

At September 30, 2013 the City of Camilla classified its governmental fund type's fund balances under GASB Statement 54 as follows:

Nonspendable:		
Not in spendable form (inventories)	$	358,541
Not in spendable form(long-term notes receivable)		415,621
Required to be maintained intact		3,969,237
		4,743,399
Restricted:		
LMIG Road funds		114,913
Building repair reserve		15,227
		130,140
Committed - Stormwater funds		236,440
Assigned:		
Economic Development Funds		463,490
Specific Purpose Funds - Tree replacement and cemetary maintenance		9,578
		473,068
Unassigned		2,260,435
Total Fund Balances	$	7,843,482

23. 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. Net changes for the year ending September 30, 2013 for amounts owed by and to be paid by the general fund are as follows:

	Balance September 30, 2012	Additions	Payments	Balance September 30, 2013
Vacation Pay Balance Due	$ 105,568	$ 106,557	$ 100,107	$ 112,018

24. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, the government is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the Business Type Activities to properly recognize debt issuance costs as expenses in the periods in which they were incurred;

	Business Type Activities
Net position, as previously reported	$ 31,174,862
Recognition of bond issuance costs in accordance with GASB 65	(219,694)
Net position, as restated	$ 30,955,168

25. SPECIAL ITEM

During 2013 the City Council agreed to donate land and building to the Mitchell County School Board, a 1992 fire truck to Autry Prison Volunteer Fire Department and a renovated auditorium to the Flint River Arts Council. All this property was carried as capital assets in the governmental activities column of the statement of position. The book value of the property was $713,059 and is reported as a special item on the Statement of Activities according to GASB Statement 34.

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

To the City Council
City of Camilla, Georgia

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Camilla, Georgia as of and for the year ended September 30, 2013, which collectively comprise the City's basic financial statements and have issued my report thereon dated March 1, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Camilla, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Camilla, Georgia's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies. However, such items may exist that have not been identified.

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.*

Purpose of this Report

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



RICHARD L. WATERS, CPA, PC
Camilla, Georgia
March 1, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council
City of Camilla, Georgia

Report on Compliance for Each Major Federal Program

I have audited City of Camilla, Georgia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Camilla, Georgia's major federal program for the year ended September 30, 2013. The City of Camilla, Georgia's major federal program is identified in the accompanying schedule of expenditures of federal Awards.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the City of Camilla, Georgia's major federal program based on my audit of the type of compliance requirements referred to above. 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 of Camilla, Georgia'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 on compliance for the City's major federal program. However, my audit does not provide a legal determination of the City of Camilla, Georgia's compliance.

Opinion on Each Major Federal Program

In my opinion, the City of Camilla, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2013.

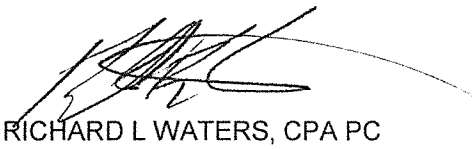
Report on Internal Control Over Compliance

Management of the City of Camilla, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Camilla, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



RICHARD L WATERS, CPA PC
Camilla, Georgia
March 1, 2014

CITY OF CAMILLA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **
For the year ended September 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CATALOGUE NUMBER	AWARD AMOUNTS	ACCOUNTS PAYABLE 9/30/2012	RECORDED EXPENDITURES	CASH PAID EXPENDITURES	ACCOUNTS PAYABLE 9/30/2013
U.S. Department of Housing and Urban Development						
Passed through Georgia Department of Community Affairs						
Grants:						
Community Development Block Grants						
Water and Sewer Improvement Program 12p-x-101-2-5532	14.228	$ 483,061	$	$ 8,000	$ 8,000	$
U.S. Environmental Protection Agency						
Capitalization Grant to Georgia Drinking Water State Revolving Loan Fund (SRF)						
SRF Loan (#DWSRF 11-016) for Replacement of water meters (Major Program)	66.468	1,945,000		1,768,061	1,669,364	98,697
Total Federal Awards			$	$ 1,776,061	$ 1,677,364	$ 98,697

**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, 2013

A. Summary of Audit Results

1. The Independent 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 Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

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 Independent Auditors Report on Compliance for Each Major Program and Internal Control Over Compliance Required by OMB Circular A -133.

5. The Independent 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 program tested as a major program is detailed in The Schedule of Expenditures of Federal Awards and is as follows:

   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, 2013

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED % OF COMPLETION
2007 Tax:					
Flint River Auditorium Project	$ 150,000	$ 150,000	$	$ 150,000	100%
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	236,209		236,209	94%
Sidewalk Projects	150,000	150,000		150,000	100%
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	75,000		75,000	100%
General Roads, Streets & Drainage	1,422,171	856,865		856,865	60%
Totals 2007 Tax	2,672,171	2,093,074		2,093,074	
2012 Tax:					
Purchase Police cars & Equipment	380,000				
Purchase Fire Truck	420,000				
Retire Fire Truck Debt	100,000	100,000		100,000	100%
Public Works Equipment	500,000		288,520	288,520	58%
Purchase of Vehicles	150,000		58,403	58,403	39%
DeSoto Trail Library Project	50,000		50,000	50,000	100%
Drainage Improvements	150,000				
General Roads, Streets & Bridges	1,550,000		89,180	89,180	6%
Totals 2012 Tax	3,300,000	100,000	486,103	586,103	
Total	$ 5,972,171	$ 2,193,074	$ 486,103	$ 2,679,177	

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