TOWN OF CLERMONT, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

WALKER & ASSOCIATES, CPA'S, PC

TOWN OF CLERMONT, GEORGIA
FISCAL YEAR ENDING JUNE 30, 2012
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Walker and Associates
Certified Public Accountants

Independent Auditor's Report

To the Town Council
Town Of Clermont, Georgia

We have audited the accompanying financial statements of the governmental activities and each major fund of Town of Clermont, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Clermont, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Town of Clermont, Georgia, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the Town of Clermont, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town of Clermont, Georgia has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clermont, Georgia's financial statements as a whole. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and is not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated all material respects in relation to the basic financial statements taken as a whole.

The budget comparison information on pages 15 through 16 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Walker & Associates

Walker & Associates, CPA's, PC
Gainesville, Georgia
December 5, 2012

TOWN OF CLERMONT, GEORGIA

Statement of Net Position

June 30, 2012

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	$ 314,897	$ 314,897
Receivables (net)	35,320	35,320
Prepaid Expenses	4,132	4,132
Nondepreciable capital assets	13,128	13,128
Depreciable capital assets, net	321,768	321,768
Total assets	689,245	689,245
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Accounts payable and other liabilities	12,060	12,060
Accrued expense	3,435	3,435
Total liabilities	15,495	15,495
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net Investment in capital assets	334,896	334,896
Restricted: Capital Projects	102,307	102,307
Unrestricted	236,547	236,547
Total net position	$ 673,750	$ 673,750

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

TOWN OF CLERMONT, GEORGIA

Statement of Activities

For the Year Ended June 30, 2012

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets: Primary Government Total
Primary government:						
Governmental activities						
General government	$ 367,720	$ 49,464	$ 6,464	$ 106,630	$ (205,162)	$ (205,162)
Culture and Recreation	11,556	-	-	-	(11,556)	(11,556)
Total governmental activities	379,276	49,464	6,464	106,630	(216,718)	(216,718)
Total primary government	$ 379,276	$ 49,464	$ 6,464	$ 106,630	(216,718)	(216,718)
General revenues:						
Taxes:						
Franchise tax					90,777	90,777
Sales taxes					118,526	118,526
Interest and investment earnings					1,304	1,304
Miscellaneous					5,873	5,873
Total general revenues					216,480	216,480
Change in net assets					(238)	(238)
Net position - beginning					673,988	673,988
Net position - ending					$ 673,750	$ 673,750

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

TOWN OF CLERMONT, GEORGIA

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	$ 229,373	$ 85,524	$ 314,897
Due from Other Governments	15,559	19,104	34,663
Receivables (net)	657	-	657
Prepaid Expense	4,132	-	4,132
Total Assets	249,721	104,628	354,349
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows	$ 249,721	$ 104,628	$ 354,349
LIABILITIES			
Accounts Payable	$ 9,739	$ 2,321	$ 12,060
Total Liabilities	9,739	2,321	12,060
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows	9,739	2,321	12,060
FUND BALANCE			
Nonspendable:			
Prepaid expense	4,132	-	4,132
Restricted for:			
Capital Projects	-	102,307	102,307
Unassigned	235,850	-	235,850
Total Fund Balance	239,982	102,307	342,289
Total Liabilities, Fund Balance and Deferred Inflows	$ 249,721	$ 104,628	$ 354,349

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

TOWN OF CLERMONT, GEORGIA

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2012

Total fund balances - governmental funds	$	342,289
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		640,623
Less: Accumulated depreciation		(305,727)
		334,896
Accrued compensated absences not reported in governmental funds.		(3,435)
Net assets of governmental activities	$	673,750

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

TOWN OF CLERMONT, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Sales Taxes	$ 123,689	$ -	$ 123,689
Franchise Tax	46,688	-	46,688
Intergovernmental	-	106,581	106,581
Charges for Services	67,763	-	67,763
Interest	1,304	49	1,353
Contributions and donations	101	-	101
Miscellaneous	32,863	-	32,863
Total Revenue	272,408	106,630	379,038
EXPENDITURES			
Current			
General Government	214,132	199,377	413,509
Culture and Recreation	11,556	20,447	32,003
Total Expenditures	225,688	219,824	445,512
Excess/(Deficiency) Revenues Over (Under) Expenditures	46,720	(113,194)	(66,474)
OTHER FINANCING SOURCES (USES)			
Transfer in	562	-	562
Transfer out	-	(562)	(562)
Total Other Financing Sources (Uses)	562	(562)	-
Net change in fund balance	47,282	(113,756)	(66,474)
BEGINNING FUND BALANCE	192,700	216,063	408,763
ENDING FUND BALANCE	$ 239,982	$ 102,307	$ 342,289

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

TOWN OF CLERMONT, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances-total governmental funds	$	(66,474)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
This is the amount by which capital outlay ($95,821) exceeded depreciation ($30,453) in the current period.		65,368
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 the governmental fund financial statements.		
Compensated absence liability changed by this amount from prior year.		868
Net change in net assets of governmental activities	$	(238)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Clermont, Georgia, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the government's accounting policies are described below.

1-A The Reporting Entity

The Town of Clermont, Georgia is a municipal corporation governed by an elected mayor/council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of a primary government.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

There are no entities which qualify as component units or potential component units of the Town of Clermont, Georgia.

1-B Basis of Presentation, Basis of Accounting

Basis of Presentation-Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) 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.

Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

Capital Projects Fund. This fund accounts for *Special Purpose Local Option Sales Tax* financial resources expended for purposes approved by referendum.

Measurement Focus, Basis of Accounting

Government-wide. The government-wide statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and adjustments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All business-type activities and proprietary funds of the Town follow FASB Statements and interpretations issued before or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

1-C Assets, Liabilities, and Equity [Primary government]

Cash and Cash Equivalents

The Town considers short-term liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. Only negotiable investments with original maturities of three months or less meet this definition. Nonnegotiable certificates of deposit are considered as cash equivalents.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section of 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/expenditure) until then. Currently the Town does not have any items that qualify for reporting in this category.

1-C Assets, Liabilities, and Equity [Primary government](continued)

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently the Town does not have any items that qualify for reporting in this category.

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.All trade receivables, including those for the Town of Clermont, Georgia, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles, including those for the Town of Clermont, Georgia. At June 30, 2012, no estimate of uncollectibles has been made.

Investments

No investments have been authorized by the Town of Clermont at June 30, 2012.

Property Tax Calendar

The Town of Clermont does not levy a property tax.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. In the governmental funds, the cost of inventory items are recorded as expenditures at the time of purchase. The Town maintains no significant inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $1,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capabilities or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	15
Public domain infrastructure	50
System infrastructure	30
Vehicles	7
Office equipment	7
Computer equipment	5

Compensated Absences

The Town's employee policy does not permit the vesting of vacation or sick leave benefits, and, therefore, all vacation or sick leave must be taken in the calendar year it is earned. However, at June 30, 2012, the Town of Clermont did have an accrued liability which must be used before December 31, 2012, or forfeited. Refer also to Note 6. Compensated Absences.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Retirement Plans

The Town of Clermont, Georgia, offers its employees with more than one year of service a defined contribution Section 457 deferred compensation plan, named "Town of Clermont Section 457 Deferred Compensation Plan". The Town is the administrator of the plan and, under the authority as plan administrator, may amend the plan at its discretion. The plan is funded only by employee deferrals which are 100% vested when made. The Town does not have a contribution requirement and only employees, through written request, may change deferral amounts. Contributions to the plan for the year ending June 30, 2012, were $0.00.

NOTE 1-D 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 balance classifications that comprise a hierarchy based primarily on the extent to which the Town 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 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 Town 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 Town Council through the adoption of a resolution. The Town Council also may modify or rescind the commitment.

NOTE 1-D Fund Equity(continued)

Assigned - Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Town Council has authorized the Town's finance officer 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 Town reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

Committed
Assigned
Unassigned

Net Position - Net position represents the difference between assets plus deferred outflows less liabilities and deferred inflows. Net Position is displayed in three components: (1) net investment in capital assets, which consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Town has spent) for the acquisition, construction or improvement of those assets; (2) Restricted assets reduced by liabilities and deferred inflows related to those assets; and (3) Unrestricted assets which is the net amount of assets, deferred outflows, liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted asset component of net position.

The Town applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

NOTE 2. CASH [Primary government]

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

The Town's custodial credit risk policy is to require all banks to collateralize the Town's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The Town does not have a foreign credit risk.

At June 30, 2012, all bank deposits were insured or fully collateralized.

NOTE 3. RECEIVABLES [Primary government]

The following is a summary of amounts due from others at June 30, 2012.

Receivable from:	Fund Level	Government-Wide Level
Governmental funds:		
Due from other governments	$34,663	$34,663
Accounts receivable, net	657	657
	$35,320	$35,320

NOTE 4. LITIGATION [Primary government]

The Attorney for the Town has advised that there are no known legal matters which will have a material effect on the Town's financial condition. No provision has been made to provide reserves for litigation settlements.

NOTE 5. RISK MANAGEMENT [Primary government]

The Town purchases Workers Compensation Insurance through the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The Town's policy year starts on January 1st and ends on December 31st of each year. The premium for the policy year of 2012 was $6,310. The Town also purchases General Liability Insurance through the Georgia Interlocal Management Agency. The Town's policy year starts April 1st and ends March 31st of each year. The premium for the year ending 2012 was $8,057.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. With respect to other types of risk including torts, theft or destruction of assets, errors of omissions, and acts of God, the Town has purchased sufficient insurance and, therefore, transferred risk of loss. There have been no settlements in the previous three years in excess of insurance.

NOTE 6. COMPENSATED ABSENCES [Primary government]

Governmental Accounting Standards Board Statement 16, effective for fiscal years beginning after June 15, 1993, requires that such benefits be accrued when: (1) the employer's obligation to employees' right to receive compensation for future benefits is attributable to employees' service already rendered; (2) the obligation relates to rights that vest or accumulate; (3) payment of the compensation is probable; and (4) the amount can be reasonably estimated. The Town's employee policy does not allow the accrual of vacation or sick leave after the calendar year end in which it is earned. However, at June 30, 2012, $3,435 had been earned by the employees and must be used before December 31, 2012. This accrued liability is reported on the government-wide financial statement in the Statement of Net Position.

NOTE 7. JOINT VENTURES

Under Georgia law, the Town, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2011, the Town paid $860 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each County and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from: Georgia Mountains Regional Commission, 1310 W. Ridge Road, Gainesville, Georgia 30501.

NOTE 8: CHANGES IN LONG TERM DEBT (Primary Government)

Governmental Activities	Outstanding 07/01/11	Additions	Reductions	Outstanding 06/30/12	Amount Due in One Year
Compensated Absences	$ 4,303	$ -	$ 868	$ 3,435	$ -
Net Governmental Activities	$ 4,303	$ -	$ 868	$ 3,435	$ -

NOTE 9. CAPITAL ASSETS [Primary government]

Depreciation expense was charged to functions in the statement of activities as follows:
Governmental activities:

General government	$30,453

Capital asset activity for the year ended June 30, 2012, was as follows:

	Primary Government			
	Balances 07/01/11	Increases	Decreases	Balances 06/30/12
Governmental activities:				
Capital assets not being depreciated				
Land and improvements	$ 13,128	$ -	$ -	$ 13,128
Total land and improvements	$ 13,128	$ -	$ -	$ 13,128
Capital assets being depreciated				
Buildings	$297,838	$ 94,796	$ 1,949	$390,685
Vehicles	61,628	-	-	61,628
Equipment	174,158	1,025	-	175,183
Total capital assets being depreciated	533,624	95,821	1,949	627,496
Less accumulated depreciation for:				
Buildings	134,854	12,618	1,950	145,522
Vehicles	46,876	6,926	-	53,802
Equipment	95,495	10,909	-	106,404
Total accumulated depreciation	277,225	30,453	1,950	305,728
Total governmental capital assets being depreciated, net	$256,399	$ 65,368	$ (1)	$321,768

NOTE 10. BUDGETS [Primary government]

The following are Governmental Funds for which budgets were legally adopted, at the legal level of control:

	Budgeted Expenditures and other Financing Uses	Actual Expenditures and Other Financing Uses	Actual in Excess of Appropriations
General Government	$208,850	$214,132	$ 5,282
Culture and Recreation	$ 15,800	$ 11,556	-

NOTE 11. INTERFUND TRANSFERS

The sum of all transfers presented below agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. These transfers have been eliminated from the government-wide financial statements. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that is required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due,, and (3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfer from the Capital Projects Fund	($562)
Transfer to the General Fund	$562
	-0-

TOWN OF CLERMONT, GEORGIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary	Budget to GAAP Differences Over / (Under)	Actual GAAP Basis	Variance with Final Budget Over / (Under)
REVENUES						
Sales Taxes	$ 114,500	$ 114,500	$ 123,689	$ -	$ 123,689	$ 9,189
Franchise Taxes	31,000	31,000	46,688	-	46,688	15,688
Charges for Services	53,000	53,000	67,763	-	67,763	14,763
Interest	50	50	1,304	-	1,304	1,254
Contributions	-	-	101	-	101	101
Miscellaneous	26,100	26,100	32,863	-	32,863	6,763
Transfer In	-	-	562	-	562	562
Total Revenues	224,650	224,650	272,970	-	272,970	48,320
EXPENDITURES						
Current Operating:						
General Government	208,850	208,850	214,132	-	214,132	5,282
Culture & Recreation	15,800	15,800	11,556	-	11,556	(4,244)
Total Expenditures	224,650	224,650	225,688	-	225,688	1,038
Other Financing Sources						
Net change in fund balance	-	-	47,282	-	47,282	47,282
Fund Balance - beginning	192,700	192,700	192,700	-	192,700	-
Fund Blance - ending	$ 192,700	$ 192,700	$ 239,982	$ -	$ 239,982	$ 47,282

See accompanying notes to budget comparison schedule.

TOWN OF CLERMONT, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended June 30, 2012

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The Town prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

(a). Prior to June 1, the Town Clerk submits to the Town Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

(b). Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.

(c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the Town Commission.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

Budgetary Accounting

The annual operating budgets of governmental funds are prepared and presented on the modified accrual basis of accounting.

Budget Requirements

There were no amendments to the original budget by the Town Council during the fiscal year ending June 30, 2012.

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

To the Mayor and Town Council
Town of Clermont
Clermont, Georgia

We have audited the financial statements of the governmental activities and each major fund of the Town of Clermont, Georgia as of and for the year ended June 30, 2012, which collectively comprise the Town of Clermont, Georgia's basic financial statements, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or its 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, 2012-1, described in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

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

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

To the Mayor and Town Council
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Clermont, Georgia

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Compliance and Other Matters

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We noted certain other matters that we reported to management of the Town of Clermont, Georgia in a separate letter dated December 5, 2012.

The Town of Clermont, Georgia's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Town of Clermont, Georgia's response and, accordingly, we express no opinion on it.

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

Walker & Associates

Walker & Associates, CPA's, PC
Gainesville, Georgia
December 5, 2012

Town of Clermont, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2012

Findings – Financial Statement Audit

Internal Control

2012-1	Condition:	The Town does not possess adequate capabilities to prepare financial statements in accordance with accounting principles generally accepted in the United States.
	Criteria:	The Town should possess the ability to prepare its own financial statements or have access to someone with adequate technical training and education to review the financial statements prepared by others.
	Cause:	The Town staff does not have the accounting skills necessary to prepare financial statements in accordance with accounting principles generally accepted in the United States.
	Effect:	The Town does not possess adequate capabilities to prepare financial statements in accordance with accounting principles generally accepted in the United States.
	Recommendation:	The Town should consider employing someone or contracting with another entity to review the financial statements prepared by the auditor.
	Response:	The Town agrees with the finding. However, as described in the Town's Plan of Corrective Action, it is economically not feasible to respond to this finding.

TOWN OF CLERMONT, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2012

Project Description	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current	Total
SPLOST III					
Water and Sewer Project	$ 63,100	$ 63,100	$ 58,317	$ 5,068	$ 63,385
SPLOST V					
Capital Projects for Recreation and Other	$ 110,819	$ 110,819	$ 89,820	$ 6,255	$ 96,075
Roads	26,075	26,075	21,437	-	21,437
	$ 136,894	$ 136,894	$ 111,257	$ 6,255	$ 117,512
SPLOST VI					
Municipal Buildings	$ 550,000	$ 550,000	$ -	$ 75,360	$ 75,360
Park Facilities	150,000	150,000	-	13,181	13,181
Roads and Sidewalks	250,000	250,000	28,182	120,522	148,704
	$ 950,000	$ 950,000	$ 28,182	$ 209,063	$ 237,245