# *City of Colquitt, Georgia*

## *Financial Statements*

## *For the Fiscal Year Ended*

*June 30,2012*

**City of Colquitt, Georgia**
**For The Fiscal Year Ended June 30, 2012**
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# *Perry L. Henry, LLC*

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Colquitt, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Colquitt, Georgia as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Colquitt, 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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information for the City of Colquitt, Georgia as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2013 on our consideration of the City of Colquitt, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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 read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis (pages I-XI), Budgetary Comparison Schedule, (pages 45 through 47), and the GASB 27- Schedule of Funding Progress (pages 48 through 49) are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Colquitt, Georgia's basic financial statements. The accompanying schedule of special purpose local option sales tax is presented for purposes of additional analysis as required by Georgia statutes (48-8-121 OCGA) and is not a required part of the financial statements of the City of Colquitt, Georgia. Additionally, in the supplemental section, the combining and individual fund statements on pages 50 through 57 and the schedules on pages 58 through 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Colquitt, Georgia. The accompanying schedule of expenditures of federal awards (page 65) is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not part of the basic financial statements of the City of Colquitt, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Perry L. Henry, LLC*

Perry L. Henry, LLC
Certified Public Accountant
Bainbridge, Georgia
January 15, 2013

**CITY OF COLQUITT, GEORGIA**

**Management's Discussion and Analysis**

**For the Fiscal Year Ended June 30, 2012**

As management of the City of Colquitt, Georgia, we offer readers of the City of Colquitt, Georgia's financial statements this narrative overview and analysis of the financial activities of the City of Colquitt for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 1 and the Notes to the Financial Statements, which begin on page 15.

## FINANCIAL HIGHLIGHTS

The City's net assets totaled $7,287,159 for its governmental and business-type activities, an increase of $9,774 over the previous fiscal year.

- Total combined revenues for governmental and business-type activities were $4,428,890.
- Overall expenses were $4,419,116, of which governmental activities were $2,434,296 and business-type activities were $1,984,820.
- As of June 30, 2012, governmental activities' expenses exceeded program revenue, resulting in the use of $1,172,188 in general revenues (primarily taxes).
- In the City's business-type activities, revenues were $2,032,019 and expenses were $1,984,820, for an operating profit of approximately $47,199 for 2012.
- The General Fund resources available for appropriation were $96,160 less than budgeted and expenditures were $6,117 less than budgeted.
- The combined governmental funds' balance as of June 30, 2012 was $(483,374) of which the General Fund comprised $(469,233), the Pataula Drug Task Force – Grant Funds comprised $5,228, and other governmental funds comprised $(19,369).
- The General Fund reported a decrease of $163,397 in unassigned fund balance to $(471,733) from the prior fiscal year.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 1 - 3) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. The governmental fund financial statements start on page 4. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

### Government-wide Reporting:

### The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page IV. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the type of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall well being of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, including the public safety, public works, parks and recreation, community development, code enforcement, as well as general administration. Property taxes, fees, fines, licenses, permits, charges for services, and state and federal grants finance most of these activities.
- Business-type activities—The City charges a fee to customers to help it cover the cost of certain services it provides. The City's Water and Sewer, Natural Gas, Sanitation Services and Golf Course are reported here.
- Component units— The City includes two separate legal entities in its report – the Pataula Judicial Regional Drug Task Force and the Colquitt Downtown Development Authority. Although legally separate, these "component units" are important because

the City is either financially accountable, or may maintain control by means of appointments to the governing boards of these organizations. Financial Statements for the City's discretely presented component units are found beginning on page 13.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

Our analysis of the City's major funds begins on page VII. The fund financial statements begin on page 4 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received from the State of Georgia). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between government-wide information (reported in the Statement of Net Assets and the Statement of Activities) and governmental fund information in reconciliations on pages 5 and 7, respectively.
- 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. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for water and sewer, gas, environmental services, and golf course proprietary funds. The proprietary fund statements begin on page 8.
- Fiduciary fund—this fund is used to account for assets held for others. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 12. This agency funds' balances are due to others as of the fiscal year-end. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

## NET ASSETS:

The City's combined net assets increased $9,774 from a year ago—from $7,277,385 to $7,287,159. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**Table 1**
**Net Assets**
(000's Omitted)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total % Change |
|---|---|---|---|---|---|---|---|
| **Assets**: | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011-2012 |
| Current assets | $ 1,542 | $ 1,456 | $ 1,114 | $ 947 | $ 2,656 | $ 2,403 | -9.5% |
| Capital assets- net | 2,462 | 2,721 | 10,830 | 10,635 | 13,292 | 13,356 | 0.5% |
| **Total assets** | **4,004** | **4,177** | **11,944** | **11,582** | **15,948** | **15,759** | **-1.2%** |
| **Liabilities:** | | | | | | | |
| Long-term debt outstanding | 64 | 138 | 5,812 | 5,565 | 5,876 | 5,703 | -2.9% |
| Other liabilities | 1,762 | 1,946 | 1,032 | 823 | 2,794 | 2,769 | -0.9% |
| **Total liabilities** | **1,826** | **2,084** | **6,844** | **6,388** | **8,670** | **8,472** | **-2.3%** |
| **Net assets:** | | | | | | | |
| Invested in capital assets, net of debt | 2,399 | 2,583 | 4,314 | 4,467 | 6,713 | 7,050 | 5.0% |
| Restricted | 10 | 67 | - | - | 10 | 67 | 570.0% |
| Unrestricted (deficit) | (231) | (557) | 786 | 727 | 555 | 170 | -69.4% |
| **Total net assets** | **$ 2,178** | **$ 2,093** | **$ 5,100** | **$ 5,194** | **$ 7,278** | **$ 7,287** | **0.1%** |

The City's total net assets (governmental and business-type activities) were $7,287,159 as of June 30, 2012. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements – were $169,736 at the end of this year.

The largest portion of the City's net assets (approximately 97%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks) less any debt used to acquire those assets that remain outstanding. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The total net assets of our business-type activities increased by 2 percent to $5,193,984 compared to $5,099,747 in 2011. Our business-type activities showed a net operating profit of $47,199 and had no investment income.

The City reports positive net asset balances in all of its enterprise activities (Natural Gas, Water and Sewer, Golf Course, and Sanitation). These activities are presented in more detail on pages 8 through 11.

## CHANGES IN NET ASSETS:

The City's total change in net assets was $9,774 from the prior fiscal year from a decrease of $(84,463) as a result of its governmental activities and an increase of $94,237 as a result of its business-type activities.

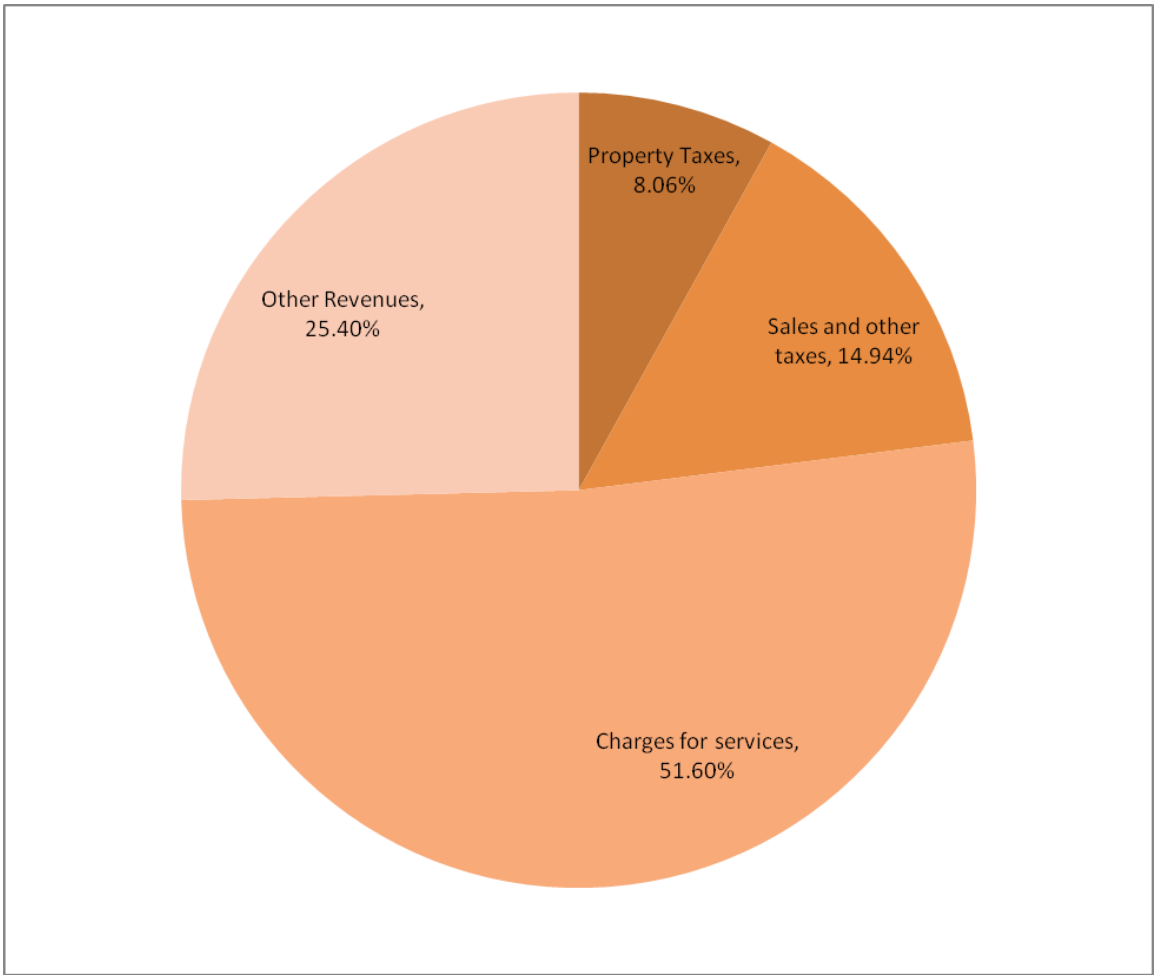
**Table 2**
**Changes in Net Assets**
(000's Omitted)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Total % Change |
|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011-2012 |
| **Revenues** | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | $ 332 | $ 375 | $ 1,908 | $ 1,910 | $ 2,240 | $ 2,285 | 2.0% |
| Operating grants | 89 | - | 106 | 122 | 195 | 122 | -37.4% |
| Capital grants | 1,183 | 887 | 701 | - | 1,884 | 887 | -52.9% |
| General revenues: | | | | - | | | |
| Property taxes | 344 | 357 | - | - | 344 | 357 | 3.8% |
| Other taxes | 722 | 662 | - | - | 722 | 662 | -8.3% |
| Investment earnings | 11 | 9 | - | - | 11 | 9 | -18.2% |
| Other revenues | 263 | 65 | - | 1 | 263 | 66 | -74.9% |
| **Total general / program revenues** | **2,944** | **2,355** | **2,715** | **2,033** | **5,659** | **4,388** | **-22.5%** |
| **Program Expense** | | | | | | | |
| General government | 593 | 456 | - | - | 593 | 456 | -23.1% |
| Judicial | 18 | 28 | - | - | 18 | 28 | 55.6% |
| Public safety | 1,338 | 1,463 | - | - | 1,338 | 1,463 | 9.3% |
| Public works | 385 | 418 | 1,376 | 1,473 | 1,761 | 1,891 | 7.4% |
| Culture and recreation | 86 | 58 | 526 | 513 | 612 | 571 | -6.7% |
| Housing and development | 137 | 6 | - | - | 137 | 6 | -95.6% |
| Interest and fiscal charges | 4 | 5 | - | - | 4 | 5 | 25.0% |
| **Total program expenses** | **2,561** | **2,434** | **1,902** | **1,986** | **4,463** | **4,420** | **-1.0%** |
| Changes in net assets before special and extraordinary items and transfers | 383 | (79) | 813 | 47 | 1,196 | (32) | -102.7% |
| Special item – sale of capital assets | (1) | 42 | - | - | (1) | 42 | -4300.0% |
| Transfers | (37) | (47) | 37 | 47 | - | - | 100.0% |
| **Changes in net assets** | **$ 345** | **$ (84)** | **$ 850** | **$ 94** | **$ 1,195** | **$ 10** | **-99.2%** |

Depreciation expenses of $439,474 were allocated to the above functions. $185,778 was allocated to the function of governmental activities and $253,696 was allocated to the function of business-type activities.

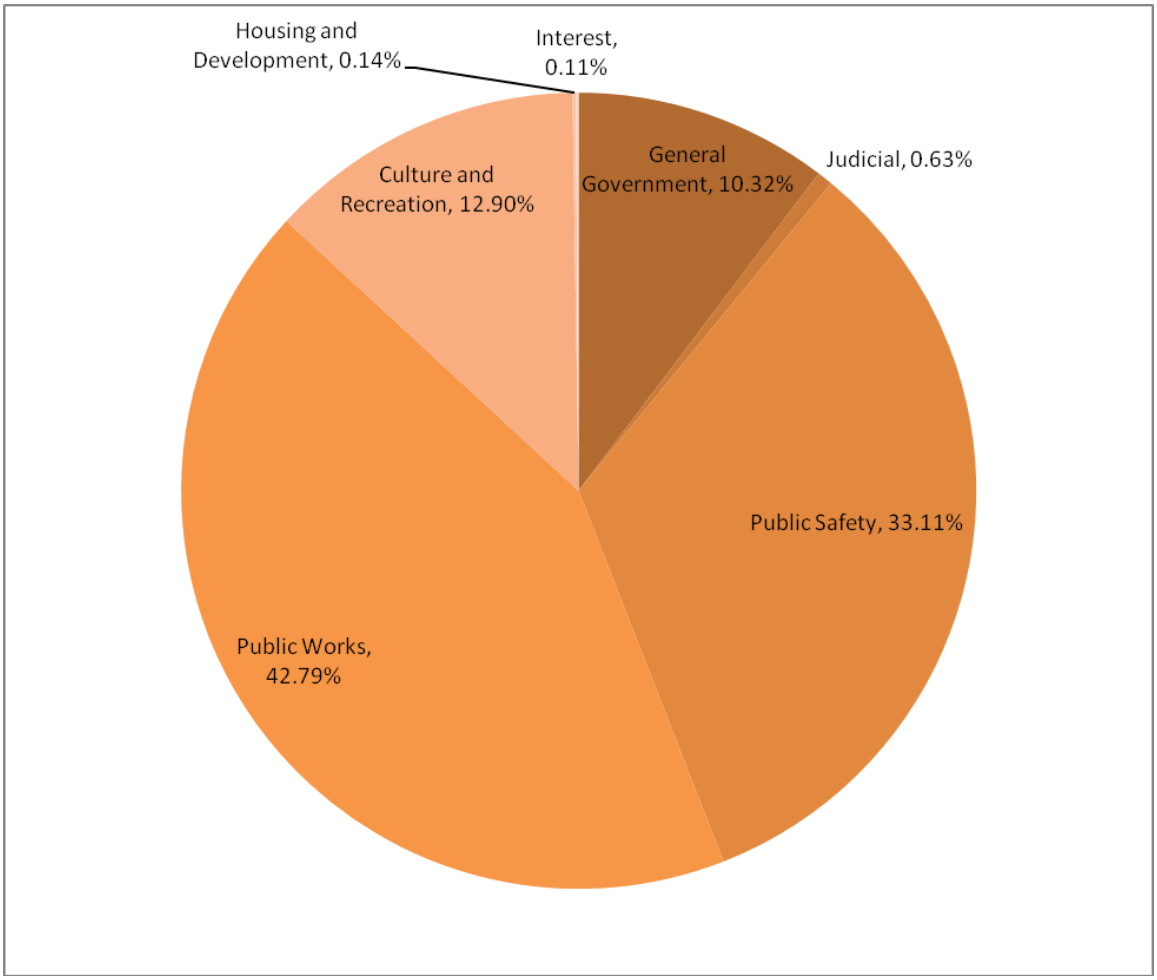
As can be seen from the chart following, approximately 8.06% of the City's combined total revenue is provided by property taxes, 51.60% by fees, fines, charges for services, an additional 14.94% by sales and other taxes and the remaining 25.40% by a combination of grants, investment income and other revenues. The City charges fees for services as varied as providing copies of documents, issuing building permits, water and sewer, natural gas and environmental services.

**Revenue Sources – FY 2012**



The City's major expenses, at 42.79% of the combined total, are clearly in the area of providing public works activities. These services include providing services relating to natural gas, water and sewer, sanitation, as well as construction and maintenance of city streets and fire and police protection.

**Program Expenses – FY 2012**




## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Colquitt uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The objective of the City's governmental funds is to provide information on near-term activity and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City ended the 2012 fiscal year with a balance of $(483,374) in its governmental funds. Of this, there is a non-spendable portion of $2,500 in the General Fund. Restricted fund balance is made up of $36,069 restricted for public safety, $31,117 restricted for public works, $137 restricted for recreation, and $8,486 restricted for judicial purposes. Unassigned fund balance is made up of $(471,733) in the General Fund and $(89,950) in the Milford St. Capital Project Fund.

**Major Funds – Governmental:**

**General Fund**

The General Fund is the operating fund of the City. At the end of the current year, the fund balance was a negative $471,733. Since this fund balance is negative, the general fund has no unassigned fund balance at fiscal year-end.

The fund balance in the General Fund decreased approximately $163,397 during FY 2012, primarily due to expenditures exceeding revenues. Additional information about the General Fund can be found on pages 4,6, and 45.

**Pataula Drug Task Force – Grant Funds Fund**

The City of Colquitt serves as the host entity for the Edward Byrne Memorial Justice Assistance Grant Program. The Pataula Drug Task Force Grant Funds Fund accounts for the receipts and disbursements related to this grant.

At the end of the current year, fund balance in the Pataula Drug Task Force Grant Funds Fund was $5,228, which is restricted for public safety purposes.

**Other Governmental Funds:**

Combined assets were $74,406; with current liabilities of $93,775 and fund balance of $30,841 restricted for public safety, $31,117 restricted for public works, $137 restricted for recreation, $8,486 restricted for judicial purposes, and unassigned fund balance of $(89.950) for the year ended June 30, 2012. These totals are a combination of the following:

**Special Revenue Funds**

The City uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are:

- Hotel/Motel Taxes
- Confiscated Assets
- Recreation Department
- Municipal Technology
- Municipal Jail

**Debt Service Fund**

The SPLOST Debt Service Fund is used to account for the accumulation of resources and payments of notes payable principal and interest when the City is obligated for the payment. These notes payable are associated with equipment used in the public works, police and fire departments as approved by the SPLOST referendum.

**Capital Projects Funds**

These funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. Capital Projects Funds had on hand $64,998 in assets, $92,890 in liabilities, restricted fund balances of $61,173, and unassigned fund balance of $(89,950). The City has the following four non-major capital projects funds:

- SPLOST # 3 Police Capital Projects Fund
- SPLOST # 3 Fire Capital Projects Fund
- SPLOST # 3 Public Works Capital Projects Fund
- Milford St. DOT Capital Project Fund

Details of these funds are on pages 50 through 61.

**Proprietary Funds**

The City reports four business-type activities as major funds. The Gas Revenue, Environmental Services, Water & Sewer, and Golf Course funds are reported as major funds. The City did not have any non-major proprietary funds. The Gas Revenue, Environmental Services, Water & Sewer and Golf Course funds had combined net operating income of $106,645 for the year ended June 30, 2012. More detailed information about the City's proprietary funds can be found on pages 8 through 11.

The fund statements for the proprietary funds look much like the business-type activities in the government-wide statements. Proprietary fund financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statements to the government-wide statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the General Fund. The City Council amends this budget throughout the fiscal year, as needed. Budgets are amended to reflect unanticipated changes in revenue collections and operating conditions.

The City's original and final budget projected a deficiency of revenues over expenditures of $53,000 and a surplus of $62,033, respectively. Actual expenditures

exceeded revenues in the amount of $28,010. The City's General Fund budget was not amended during the fiscal year.

Actual revenues were $96,160 less than budgeted; actual expenditures were $6,117 less than budgeted resulting in a $90,043 negative variance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to $13,355,820, net of accumulated depreciation of $(5,125,488). This investment in capital assets includes land, site improvements, construction-in-progress, buildings and building improvements, equipment, and, beginning with fiscal year 2004, infrastructure.

Infrastructure assets (roads, bridges, curbs, gutters, storm drains, and so forth) are items that have been heretofore not considered assets at all by this City, having been viewed as immovable, without a market in which they could be sold, without readily determinable current values, possessed of both erratic and unpredictable useful lives, subject to continual acts of God (and man), and of indeterminable salvage value, at best.

Total capital assets, net of additions, retirements and depreciation, increased $258,713 for governmental activities and decreased $195,329 for business-type activities. Depreciation expense for the period was $439,474. Additional information on capital assets can be found in Note 3 of the Notes to the Financial Statements, beginning on page 26.

### Long-term Debt

As of June 30, 2012, the City of Colquitt had $5,702,693 in outstanding long-term debt principal, of which $334,147 is due within one year. Outstanding debt decreased by $173,573 as compared to last year.

The principal outstanding on the City's long-term debt is summarized in the following table:

**City of Colquitt, Georgia**
**Outstanding Debt (000's Omitted)**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Notes and capital leases payable | $ 138 | $ 5,565 | $ 5,703 |
| | $ 138 | $ 5,565 | $ 5,703 |

The City Council sets rigorous standards for sound financial management of the City, continually reviewing the needs of the community with the costs of providing for those needs and the various sources of funding available.

The City Council annually adopts a balanced budget, sets the millage rate to provide general revenues to cover the costs of all City programs that are not covered by specific program revenues, maintains an adequate unassigned general fund balance, and adopts such financial policies as to enhance their ability to maintain a safe and sound financial structure for the City. Additional information about the City's long-term debt can be found in Note 4 of the Notes to the Financial Statements, beginning on page 28.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, including, but not limited to, tax rates and fees that will be charged for services.

The City Council actively participates in regional planning with State and Federal agencies, Miller County, neighboring counties, and municipalities to maximize services to our citizens and to provide these services as economically reasonable as possible.

It is the desire of the City Council to provide the highest level of service at the most economical cost to our citizens.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Colquitt, 154 West St., Colquitt, GA, 39837 or call 229-758-3412.

# City of Colquitt, Georgia
# Statement of Net Assets
# June 30, 2012

| ASSETS | Governmental Activities | Business-Type Activities | Total | Component Unit |
|---|---|---|---|---|
| Cash on hand and in banks | $ 34,218 | $ 734,904 | $ 769,122 | $ 296,205 |
| Receivables (net, where applicable, of allowances for uncollectible): | | | | |
| Taxes | 33,807 | - | 33,807 | - |
| Accounts | - | 110,824 | 110,824 | - |
| Accrued interest | - | 1,883 | 1,883 | - |
| Other | 1,204,258 | - | 1,204,258 | 59,684 |
| Due from other governments | 94,980 | - | 94,980 | - |
| Inventory, at cost | 2,500 | 15,121 | 17,621 | - |
| Prepaid expenses | 11,650 | 6,834 | 18,484 | - |
| Restricted assets | 74,573 | 76,973 | 151,546 | - |
| Land and construction in progress | 949,278 | 2,584,633 | 3,533,911 | 299,378 |
| Other capital assets, net of depreciation | 1,771,502 | 8,050,407 | 9,821,909 | 1,146,844 |
| **Total Assets** | 4,176,766 | 11,581,579 | 15,758,345 | 1,802,111 |
| **LIABILITIES** | | | | |
| Accounts payable | 17,330 | 82,618 | 99,948 | 41,024 |
| Bank Overdrafts - (Net) | 146,102 | - | 146,102 | - |
| Accrued liabilities | - | 85,548 | 85,548 | - |
| Deferred revenue | - | - | - | 9,282 |
| Short-term notes payable | 1,743,390 | 602,527 | 2,345,917 | 260,445 |
| Long-term liabilities: | | | | |
| Compensated absences payable | 39,121 | 51,857 | 90,978 | - |
| Portion due and payable within one year: | | | | |
| Notes and capital leases | 22,976 | 311,171 | 334,147 | - |
| Portion due and payable after one year: | | | | |
| Notes and capital leases | 114,672 | 5,253,874 | 5,368,546 | - |
| **Total Liabilities** | 2,083,591 | 6,387,595 | 8,471,186 | 310,751 |
| **NET ASSETS** | | | | |
| Investment in capital assets, net of related debt | 2,583,132 | 4,467,468 | 7,050,600 | 1,185,777 |
| Restricted for: | | | | |
| Capital projects | 61,173 | - | 61,173 | - |
| Special Revenue Fund | 5,650 | - | 5,650 | - |
| Other purposes | - | - | - | 236,980 |
| Unrestricted | (556,780) | 726,516 | 169,736 | 68,603 |
| **Total net assets** | $ 2,093,175 | $ 5,193,984 | $ 7,287,159 | $ 1,491,360 |

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

# City of Colquitt, Georgia
# Statement of Activities
# For the Fiscal Year Ended June 30, 2012

| Functions/Programs | Expenses | Program Revenues: Fees, Fines and Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Unit |
|---|---|---|---|---|---|---|---|---|
| **Governmental:** | | | | | | | | |
| General Government | $ 456,241 | $ 242,312 | $ - | $ 100,369 | $ (113,560) | | $ (113,560) | |
| Judicial | 28,244 | 13,260 | - | - | (14,984) | | (14,984) | |
| Public Safety | 1,462,697 | 119,767 | - | 508,343 | (834,587) | | (834,587) | |
| Public Works | 418,222 | - | - | 278,057 | (140,165) | | (140,165) | |
| Recreation | 57,788 | - | - | - | (57,788) | | (57,788) | |
| Housing and Development | 6,371 | - | - | - | (6,371) | | (6,371) | |
| Interest on Long-Term Debt | 4,733 | - | - | - | (4,733) | | (4,733) | |
| Total governmental activities | 2,434,296 | 375,339 | - | 886,769 | (1,172,188) | | (1,172,188) | |
| **Business-type:** | | | | | | | | |
| Water and Sewer | 759,015 | 839,418 | - | - | - | $ 80,403 | 80,403 | |
| Gas | 427,192 | 318,413 | - | - | - | (108,779) | (108,779) | |
| Environmental Services | 286,159 | 360,136 | - | - | - | 73,977 | 73,977 | |
| Golf Course | 512,454 | 392,512 | 121,540 | - | - | 1,598 | 1,598 | |
| Total business-type activities | 1,984,820 | 1,910,479 | 121,540 | - | - | 47,199 | 47,199 | |
| Total primary government | $ 4,419,116 | $ 2,285,818 | $ 121,540 | $ 886,769 | (1,172,188) | 47,199 | (1,124,989) | |
| **Component units:** | | | | | | | | |
| Pataula Judicial Circuit Regional Drug Task Force | $ 294,058 | $ 97,751 | $ 263,117 | $ - | | | | $ 66,810 |
| City of Colquitt Downtown Development Authority | 779,562 | 543,357 | 243,610 | - | | | | 7,405 |
| Total component units | $ 1,073,620 | $ 641,108 | $ 506,727 | $ - | | | | 74,215 |

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

# City of Colquitt, Georgia
# Statement of Activities
# For the Fiscal Year Ended June 30, 2012

| | Net (Expenses) Revenues and Changes in Net Assets | | | |
|---|---|---|---|---|
| | Primary Government | | | |
| | Governmental Activities | Business-Type Activities | Total | Component Unit |
| Changes in Net assets: | | | | |
| Net (expenses) revenue (Page 2) | (1,172,188) | 47,199 | (1,124,989) | 74,215 |
| General revenues: | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | 356,515 | - | 356,515 | - |
| Sales and use taxes | 272,757 | - | 272,757 | - |
| Alcoholic beverages taxes | 63,921 | - | 63,921 | - |
| Business taxes | 135,873 | - | 135,873 | - |
| Franchise taxes | 178,774 | - | 178,774 | - |
| Other taxes, penalties and interest | 10,582 | - | 10,582 | - |
| Investment Earnings | 8,660 | - | 8,660 | 499 |
| Miscellaneous | 65,490 | 538 | 66,028 | 26,642 |
| Special item - Sale of capital assets - Gain(Loss) | 41,653 | - | 41,653 | - |
| Transfers | (46,500) | 46,500 | - | - |
| Total general revenues and special items | 1,087,725 | 47,038 | 1,134,763 | 27,141 |
| **Change in net assets** | (84,463) | 94,237 | 9,774 | 101,356 |
| **Net assets - Beginning of Year** | 2,177,638 | 5,099,747 | 7,277,385 | 1,390,004 |
| **Net assets - End of Year** | $ 2,093,175 | $ 5,193,984 | $ 7,287,159 | $ 1,491,360 |

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

# City of Colquitt, Georgia
# Balance Sheet
# Governmental Funds
# June 30, 2012

| | General | Pataula Drug Task Force - Grant Funds | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash | $ 73,149 | $ 5,228 | $ 30,809 | $ 109,186 |
| Receivables (net, where applicable, of allowances for uncollectible) | | | | |
| Tax, penalties and liens | 33,808 | - | - | 33,808 |
| Notes receivable | 1,200,500 | - | - | 1,200,500 |
| Due from other funds | - | - | 3,758 | 3,758 |
| Due from other governments | 55,140 | - | 39,839 | 94,979 |
| Inventory at cost | 2,500 | - | - | 2,500 |
| **Total Assets** | $ 1,365,097 | $ 5,228 | $ 74,406 | $ 1,444,731 |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ 16,447 | $ - | $ 885 | $ 17,332 |
| Bank overdraft - (Net) | 146,496 | - | - | 146,496 |
| Deferred revenue | 20,887 | - | - | 20,887 |
| Short-term notes payable | 1,650,500 | - | 92,890 | 1,743,390 |
| **Total Liabilities** | 1,834,330 | - | 93,775 | 1,928,105 |
| **Fund Balances:** | | | | |
| Nonspendable: | | | | |
| Inventories | 2,500 | - | - | 2,500 |
| Restricted for: | | | | |
| Public Safety | - | 5,228 | 30,841 | 36,069 |
| Public Works | - | - | 31,117 | 31,117 |
| Recreation | - | - | 137 | 137 |
| Judicial | - | - | 8,486 | 8,486 |
| Unassigned | (471,733) | - | (89,950) | (561,683) |
| **Total Fund Balances** | (469,233) | 5,228 | (19,369) | (483,374) |
| **Total Liabilities and Fund Balances** | $ 1,365,097 | $ 5,228 | $ 74,406 | $ 1,444,731 |

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

**City of Colquitt, Georgia**
**Reconciliation of the Governmental Funds Balance Sheet**
**to the Statements of Net Assets**
**June 30, 2012**

| | | |
|---|---|---|
| Total *fund* balances for governmental funds | | $ (483,374) |
| Total *net assets* reported for governmental activities in the Statement of Net Assets is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land and construction in progress | 949,278 | |
| Other capital assets | 3,563,284 | |
| Total capital assets | 4,512,562 | |
| Accumulated depreciation | (1,791,782) | |
| Total Assets - net | 2,720,780 | 2,720,780 |
| Some of the City's property tax revenues have been received and deferred under the modified accrual basis of accounting. These revenues are recognized under the accrual basis of accounting. | | 20,887 |
| Governmental funds recognize expenditures for insurance using the purchases method. However, the Statement of Activities uses the accrual method and, thus, only the amount of insurance benefits is recognized as an expense when it is consumed. The unconsumed insurance is recorded as an asset. | | 11,651 |
| Long-term liabilities, including notes and capital leases payable, are not due and payable in the current period and therefore are reported in the funds. | | (176,769) |
| Total net assets of governmental activities | | $ 2,093,175 |

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

## City of Colquitt, Georgia
## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
## For the Fiscal Year Ended June 30, 2012

| | General | Pataula Drug Task Force - Grant Funds | CDBG Capital Projects Fund 09 | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Taxes | $ 962,353 | $ - | $ - | $ 41,094 | $ 1,003,447 |
| Licenses and permits | 37,421 | - | - | - | 37,421 |
| Fines & forfeitures | 118,748 | - | - | 15,885 | 134,633 |
| Intergovernmental | 122,577 | 371,009 | 85,386 | 371,627 | 950,599 |
| Charges for services | 139,086 | 600 | - | - | 139,686 |
| Investment income | 8,607 | - | - | 114 | 8,721 |
| Private donations | 43,704 | - | - | - | 43,704 |
| Miscellaneous | 13,989 | - | - | 14,081 | 28,070 |
| **Total Revenues** | 1,446,485 | 371,609 | 85,386 | 442,801 | 2,346,281 |
| **Expenditures** | | | | | |
| **Current** | | | | | |
| General government | 376,061 | - | - | - | 376,061 |
| Judicial | 18,454 | - | - | 9,790 | 28,244 |
| Public safety | 900,098 | 366,981 | - | 2,625 | 1,269,704 |
| Public works | 190,709 | - | - | - | 190,709 |
| Recreation | - | - | - | 54,402 | 54,402 |
| Housing and development | 24,078 | - | - | 6,371 | 30,449 |
| **Capital Outlay** | | | | | |
| Public safety | 138,316 | - | - | 128,071 | 266,387 |
| Public works | - | - | - | 334,669 | 334,669 |
| Housing and development | - | - | 89,458 | - | 89,458 |
| **Debt Service** | | | | | |
| Principal | - | - | - | 60,658 | 60,658 |
| Interest | 55,482 | - | - | 2,724 | 58,206 |
| **Total Expenditures** | 1,703,198 | 366,981 | 89,458 | 599,310 | 2,758,947 |
| **Excess (Deficiency) of Revenues over Expenditures** | (256,713) | 4,628 | (4,072) | (156,509) | (412,666) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers in | 1,523 | - | - | 66,759 | 68,282 |
| Transfers (out) | (48,023) | - | - | (66,760) | (114,783) |
| Sale of capital assets | 1,500 | - | - | 42,500 | 44,000 |
| Proceeds from loans | 138,316 | - | - | - | 138,316 |
| **Total Other Financing Sources (Uses)** | 93,316 | - | - | 42,499 | 135,815 |
| **Net Changes in Fund Balance** | (163,397) | 4,628 | (4,072) | (114,010) | (276,851) |
| **Fund Balance - Beginning of Year** | (305,836) | 600 | 4,072 | 94,641 | (206,523) |
| **Fund Balance - End of Year** | $ (469,233) | $ 5,228 | $ - | $ (19,369) | $ (483,374) |

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

## City of Colquitt, Georgia
## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities
## For the Fiscal Year Ended June 30, 2012

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ (276,851) |
| The change in net assets reported for governmental activities in the Statement of Activities is different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | 267,592 |
| In governmental funds, capital assets are not recorded in the fund. Thus, a disposal of an asset has no effect in the governmental fund, other than recording of the proceeds, if any, from the sale. However, the Statement of Activities recognizes a loss. | (8,880) |
| Some capital additions were financed through debt agreements. In governmental funds, a long-term debt agreement is considered a source of financing, but in the Statements of Net Assets, the debt is reported as a liability. | (138,316) |
| Some capital additions were financed through financing arrangements. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability. | |
| Note payments are reported as expenditures in the governmental funds, but reduces the liability in the Statement of Net Assets. | 64,186 |
| Change in compensated absences | (592) |
| Governmental funds defer all tax revenues not collected within 60 days of year-end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. | 8,398 |
| Change in net assets of governmental activities | $ (84,463) |

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

# City of Colquitt, Georgia
# Statement of Net Assets
# Proprietary Funds
# June 30, 2012

| | Water & Sewer | Gas Revenue | Environmental Services | Golf Course | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash | $ 641,930 | $ - | $ 188,701 | $ 5,175 | $ 835,806 |
| Accounts receivable (net) | 71,154 | 10,699 | 30,671 | 184 | 112,708 |
| Inventory at cost | 8,000 | 7,121 | - | - | 15,121 |
| Prepaid expenses | 4,438 | 1,477 | 920 | - | 6,835 |
| Restricted assets: | | | | | |
| Cash | 71,108 | 5,865 | - | - | 76,973 |
| Non-current assets: | | | | | |
| Property, plant & equipment (net of accumulated depreciation) | 9,692,112 | 211,226 | 352,649 | 379,053 | 10,635,040 |
| **Total Assets** | 10,488,742 | 236,388 | 572,941 | 384,412 | 11,682,483 |
| **Liabilities** | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 7,608 | 62,387 | 8,513 | 4,112 | 82,620 |
| Bank Overdraft | - | 100,902 | - | - | 100,902 |
| Compensated absences payable | 25,993 | 5,173 | 7,713 | 12,978 | 51,857 |
| Accrued interest payable | 10,841 | - | - | - | 10,841 |
| Notes and capital leases-Short-term | 389,262 | - | 38,015 | 175,250 | 602,527 |
| Notes and capital leases-Current Portion | 248,060 | - | 59,444 | 3,667 | 311,171 |
| Total current liabilities | 681,764 | 168,462 | 113,685 | 196,007 | 1,159,918 |
| Current liabilities payable from restricted assets: | | | | | |
| Deposits | 69,273 | 5,435 | - | - | 74,708 |
| Total current liabilities payable from restricted resources | 69,273 | 5,435 | - | - | 74,708 |
| Non-current liabilities: | | | | | |
| Notes and capital leases-Long-term Portion | 5,122,192 | - | 131,682 | - | 5,253,874 |
| Total non-current liabilities | 5,122,192 | - | 131,682 | - | 5,253,874 |
| **Total Liabilities** | 5,873,229 | 173,897 | 245,367 | 196,007 | 6,488,500 |
| **Net Assets** | | | | | |
| Investment in capital assets, net of related debt | 3,932,598 | 211,226 | 123,508 | 200,136 | 4,467,468 |
| Unrestricted | 682,915 | (148,735) | 204,066 | (11,731) | 726,515 |
| **Total Net Assets** | $ 4,615,513 | $ 62,491 | $ 327,574 | $ 188,405 | $ 5,193,983 |

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

# City of Colquitt, Georgia
# Statement of Revenues, Expenses and Changes in Fund Net Assets
# Proprietary Funds
# For the Fiscal Year Ended June 30, 2012

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | Water & Sewer | Gas Revenue | Environmental Services | Golf Course | Total |
| **Operating Revenues** | | | | | |
| Charges for services | $ 839,418 | $ 318,413 | $ 360,674 | $ 392,511 | $ 1,911,016 |
| **Total Operating Revenues** | 839,418 | 318,413 | 360,674 | 392,511 | 1,911,016 |
| **Operating Expenses** | | | | | |
| Salaries and benefits | 230,031 | 104,148 | 101,874 | 230,755 | 666,808 |
| Services and supplies | 195,279 | 312,756 | 124,334 | 251,498 | 883,867 |
| Depreciation | 178,332 | 10,289 | 49,999 | 15,076 | 253,696 |
| **Total Operating Expenses** | 603,642 | 427,193 | 276,207 | 497,329 | 1,804,371 |
| **Operating Income (Loss)** | 235,776 | (108,780) | 84,467 | (104,818) | 106,645 |
| **Non-Operating Revenues (Expenses)** | | | | | |
| Intergovernmental payments | - | - | - | (100) | (100) |
| Interest and fiscal charges | (155,373) | - | (9,952) | (15,025) | (180,350) |
| **Total Non-Operating Revenues (Expenses)** | (155,373) | - | (9,952) | (15,125) | (180,450) |
| **Income (Loss) before capital contributions** | 80,403 | (108,780) | 74,515 | (119,943) | (73,805) |
| Capital contributions | - | - | - | 121,540 | 121,540 |
| **Income (loss) before transfers** | 80,403 | (108,780) | 74,515 | 1,597 | 47,735 |
| Transfers In | - | - | 1,500 | 45,000 | 46,500 |
| **Net Transfers In (Out)** | - | - | 1,500 | 45,000 | 46,500 |
| **Change in Net Assets** | 80,403 | (108,780) | 76,015 | 46,597 | 94,235 |
| **Net Assets - Beginning of Year** | 4,535,110 | 171,271 | 251,559 | 141,808 | 5,099,748 |
| **Net Assets - End of Year** | $ 4,615,513 | $ 62,491 | $ 327,574 | $ 188,405 | $ 5,193,983 |

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

# City of Colquitt, Georgia
# Statement of Cash Flows
# Proprietary Funds
# For the Fiscal Year Ended June 30, 2012

| | Water & Sewer | Gas Revenue | Enviromental Services | Golf Course | Totals |
|---|---|---|---|---|---|
| **Cash Flows From Operating Activities** | | | | | |
| Cash received from customers | $ 853,238 | $ 206,695 | $ 360,102 | $ 392,540 | $ 1,812,575 |
| Cash payments to suppliers for goods and services | (195,846) | (149,947) | (124,848) | (254,697) | (725,338) |
| Cash payments to employees for services | (227,356) | (105,032) | (98,570) | (228,930) | (659,888) |
| **Net Cash Provided by Operating Activities** | 430,036 | (48,284) | 136,684 | (91,087) | 427,349 |
| **Cash Flows From (used for) Noncapital Financing Activities** | | | | | |
| Transfers in from other funds | - | - | 1,500 | 45,000 | 46,500 |
| **Net Cash Provided by Noncapital Financing Activities** | - | - | 1,500 | 45,000 | 46,500 |
| **Cash Flows From (Used for) Capital and Related Financing Activities** | | | | | |
| Contributed capital | - | - | - | 121,540 | 121,540 |
| Intergovernmental payments | - | - | - | (100) | (100) |
| Acquisition of capital assets | (58,368) | - | - | - | (58,368) |
| Proceeds from long-term debt agreements | 441,517 | - | - | - | 441,517 |
| Principal payments short-term debt agreements | (31,562) | - | (20,000) | (49,875) | (101,437) |
| Principal payments long-term note & agreements | (611,883) | - | (68,087) | (9,250) | (689,220) |
| Interest paid on notes & capital leases | (154,855) | - | (9,952) | (15,025) | (179,832) |
| **Net Cash Used for Capital and Related Financing Activities** | (415,151) | - | (98,039) | 47,290 | (465,900) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 14,885 | (48,284) | 40,145 | 1,203 | 7,949 |
| **Cash and Cash Equivalents - Beginning of Year** | 698,153 | (46,753) | 148,556 | 3,972 | 803,928 |
| **Cash and Cash Equivalents - End of Year** | $ 713,038 | $ (95,037) | $ 188,701 | $ 5,175 | $ 811,877 |
| **Displayed as:** | | | | | |
| Cash on hand and in banks | $ 641,930 | $ (100,902) | $ 188,701 | $ 5,175 | $ 734,904 |
| Restricted asets: | | | | | |
| Cash and investments at cost | 71,108 | 5,865 | - | - | 76,973 |
| **Totals** | $ 713,038 | $ (95,037) | $ 188,701 | $ 5,175 | $ 811,877 |

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

# City of Colquitt, Georgia
# Statement of Cash Flows
# Proprietary Funds
# For the Fiscal Year Ended June 30, 2012

| | Water & Sewer | Gas Revenue | Environmental Services | Golf Course | Total |
|---|---|---|---|---|---|
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities** | | | | | |
| **Operating Income (Loss)** | $ 235,776 | $ (108,780) | $ 84,467 | $ (104,818) | $ 106,645 |
| **Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities** | | | | | |
| Depreciation | 178,332 | 10,289 | 49,999 | 15,076 | 253,696 |
| Change in assets and liabilities: | | | | | |
| Decrease (Increase) in accounts receivable | 13,820 | 1,465 | (572) | 29 | 14,742 |
| Decrease (Increase) in inventories | - | 108,029 | - | - | 108,029 |
| Decrease (Increase) prepaid expenses | - | - | - | 581 | 581 |
| Increase (Decrease) in payables | (4,835) | 54,255 | (514) | (3,780) | 45,126 |
| Increase (Decrease) in deferred revenue | - | (113,183) | - | - | (113,183) |
| Increase (Decrease) in compensated absences | 2,675 | (884) | 3,304 | 1,825 | 6,920 |
| Increase (Decrease) in other current liabilities | 4,268 | 525 | - | - | 4,793 |
| **Total Adjustments** | 194,260 | 60,496 | 52,217 | 13,731 | 320,704 |
| **Net Cash Provided by Operating Activities** | $ 430,036 | $ (48,284) | $ 136,684 | $ (91,087) | $ 427,349 |

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

## City of Colquitt, Georgia
## Statement of Fiduciary Assets and Liabilities
## For the Fiscal Year Ended June 30, 2012

| | Agency Fund-Municipal Court Fund |
|---|---|
| **Assets** | |
| Cash | $ 8,397 |
| **Total Assets** | $ 8,397 |
| **Liabilities** | |
| Due to others | $ 8,397 |
| **Total Liabilities** | $ 8,397 |

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

**City of Colquitt, Georgia**
**Statement of Net Assets**
**Component Units**
**June 30, 2012**

| | Pataula Judicial Circuit Regional Drug Task Force | City of Colquitt Downtown Development Authority | Totals |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 299,007 | $ (2,802) | $ 296,205 |
| Other receivables | 59,684 | - | 59,684 |
| Total current assets | 358,691 | (2,802) | 355,889 |
| Property, plant and equipment, net | 108,576 | 1,337,646 | 1,446,222 |
| Total assets | $ 467,267 | $ 1,334,844 | $ 1,802,111 |
| **Current liabilities:** | | | |
| Accounts payable, trade | $ 8,707 | $ 32,317 | $ 41,024 |
| Deferred Revenue | 7,835 | 1,447 | 9,282 |
| Short-term notes payable | - | 260,445 | 260,445 |
| Total current liabilities | 16,542 | 294,209 | 310,751 |
| Total liabilities | 16,542 | 294,209 | 310,751 |
| **Net assets:** | | | |
| Invested in capital assets, net of related debt | 108,576 | 1,077,201 | 1,185,777 |
| Restricted | 236,980 | - | 236,980 |
| Unrestricted | 105,169 | (36,566) | 68,603 |
| Total net assets | 450,725 | 1,040,635 | 1,491,360 |
| Total liabilities and net assets | $ 467,267 | $ 1,334,844 | $ 1,802,111 |

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

**City of Colquitt, Georgia**
**Statement of Activities**
**Component Units**
**For the Fiscal Year Ended June 30, 2012**

| Activities: | Expenses | Program Revenues: Fees, Fines, and Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expenses) Revenues and Changes in Net Assets: Drug Task Force | Net (Expenses) Revenues and Changes in Net Assets: Development Authority | Total |
|---|---|---|---|---|---|---|
| Component units: | | | | | | |
| Pataula Judicial Circuit Regional Drug Task Force | $ 294,058 | $ 97,751 | $ 263,117 | $ 66,810 | $ - | $ 66,810 |
| City of Colquitt Downtown Development Authority | 779,562 | 543,357 | 243,610 | - | 7,405 | 7,405 |
| **Total component units** | $ 1,073,620 | $ 641,108 | $ 506,727 | 66,810 | 7,405 | 74,215 |
| General Revenues: | | | | | | |
| Investment | | | | 483 | 16 | 499 |
| Miscellaneous | | | | - | 26,642 | 26,642 |
| Total General Revenues | | | | 483 | 26,658 | 27,141 |
| Change in Net Assets | | | | 67,293 | 34,063 | 101,356 |
| Net assets - beginning | | | | 383,432 | 1,006,572 | 1,390,004 |
| Net assets - ending | | | | $ 450,725 | $ 1,040,635 | $ 1,491,360 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colquitt, Georgia, was incorporated under the provisions of the Basic Charter Act, Act No. 325, of the Laws of 1901 of the State of Georgia, as amended. The City's Charter was last amended by an act of the Georgia General Assembly on April 17, 1975, (Act No. 285 GA Laws pp. 3521-3552). The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, education, public improvements, planning and zoning, water, sewer and gas services and general administrative services.

The accounting policies of the City of Colquitt conform in all material respects to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

### A. Principles of Determining Scope of Reporting Entity

Section 2100 of the standards published by the Governmental Accounting Standards Board (GASB) defines the reporting entity as the primary government and all its component units, if any. According to GASB-14, the identification of a financial reporting entity is based on the concept of financial accountability. GASB-14 defines a primary government as a government that:

1. Has a separately elected governing body;
2. Is legally separate;
3. Is fiscally independent of other state and local governments.

For financial reporting purposes, in accordance with the criteria in GASB Standards, the City includes all funds, agencies, boards, commissions and authorities that are within its primary government. A component unit is a legally separate organization for which elected officials of a primary government are financially accountable. There are three sets of criteria that the City evaluates to determine whether a potential component unit will be included in the reporting entity of the City of Colquitt. They are (1) financial accountability; (2) financial accountability as a result of fiscal dependency; and (3) misleading to exclude the component unit.

The reporting entity of the City of Colquitt includes all the funds of the City that comprise the primary government as reported in the basic financial statements as well as the discretely presented component unit described below.

### Discretely Presented Component Unit

The City of Colquitt Downtown Development Authority is a duly organized authority existing under and by virtue of the laws of the State of Georgia. The City Council appoints all members of the Authority's board. The Colquitt Downtown Development Authority does not issue separate financial statements. Although the Authority is a legally separate entity, the City has the ability to impose its will on the Authority.

The Pataula Judicial Circuit Regional Drug Task Force, a separate legal entity, was created for the purpose of facilitating the investigation, arrest, prosecution, and conviction of those residents and non-residents in the Pataula Drug Task Force jurisdiction who are involved in the manufacture, use, distribution and sale of illicit drugs. The governing bodies of Clay, Early, Miller, Randolph, and Seminole counties, and the cities of Colquitt, Damascus, Donalsonville, Fort Gaines, Jakin, and Shellman are the participating entities that have formed the Pataula Judicial Circuit Regional Drug Task Force. These local governments have executed an intergovernmental agreement that requires the creation of a control board consisting of a chairman and vice-chairman elected for a term of two years, and names the City of Colquitt, through the Mayor and Members of the City Council, to serve as the host city. Complete financial statements may be obtained at 2 Mayhaw Road, Colquitt, GA 39837.

**Related Organizations**

The City appoints all, or a certain number of board members to particular commissions and/or authorities. The City does not exercise full oversight responsibility over these commissions and/or authorities. Any contributions to these entities are recorded as expenditures in governmental funds. The aforementioned entities are the Housing Authority, Planning Commission, Hospital Authority and Chamber of Commerce.

**Joint Ventures**

The City of Colquitt, in conjunction with cities and counties in the fourteen (14) county Southwest Georgia area are members of the Southwest Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the Chief elected official of each county and the chief elected official of each municipality. The County Board members and municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (O.C.G.A. 50-8-39.1)

Separate Financial Statements may be obtained from:

Southwest Georgia Regional Commission
P. O. Box 346, 30 West Broad Street
Camilla, Georgia 31730-0346

The City of Colquitt and Miller County participate in two joint-venture arrangements. These are the Colquitt-Miller County Volunteer Fire Department and the Colquitt-Miller County Recreation Board. The City and County share equally in providing funds to supplement the cost of operations of the volunteer fire department and the recreation board. All expenditures paid by the City have been recognized in the general fund and the City's share of general capital assets has been recorded on

the Statement of Net Assets. Separately issued financial statements are not prepared and issued by the joint ventures.

**Undivided Interest**

On December 9, 1997, the City of Colquitt, Georgia adopted a resolution to acquire and finance land for an industrial park together with Miller County, Georgia and the Miller County Development Authority. On December 30, 1997, the land was acquired for $303,339.40. The City of Colquitt, Miller County, and the Miller County Development Authority each own an undivided one third (1/3) interest in the land. The City of Colquitt, Miller County, and the Miller County Development

Authority each financed the purchase with a multi-year loan from Peoples South Bank (with Peoples South Bank participating equally in the loan with Security Bank and Trust Company and First State Bank of Colquitt). The City's one third (1/3) share of the loan was $101,113.13. The note is due on December 31 of each year for which the term is renewed. The note renews automatically from year to year. The note is a multi-year installment contract pursuant to O.C.G.A. 36-60-13. The City has a right to terminate the contract at the close of each calendar year, whereas, the entire balance of the note then owing shall become immediately due and payable.

This note was paid in full as of fiscal year ended June 30, 2007.

The City's one third (1/3) interest in the land ($101,113) has been accounted for in the Statement of Net Assets. As lots have been sold, the basis in this property has been removed from capital assets.

**Inter-Local Cooperation Agreement for Joint Operation and Maintenance of the Jointly Owned Golf Course**

The County and City have entered into an agreement to purchase the Crooked Oak Golf Course jointly in exchange for assuming the long term debt owed to various lenders. A joint recreation board for operating the Crooked Oak Golf Course was formed consisting of two County Commissioners, two City Council members, and two non-voting members consisting of the City Manager and Golf Course Supervisor. The board will meet a minimum of once per quarter with its meetings to be held in compliance with the Open Records Meeting Law. The board shall have the authority to establish the rules, regulations, and policies for the operation and maintenance of the Golf Course. The board shall not have the authority to incur indebtedness other than normal operating expenses, without the approval of the governing authorities for the County and City.

The County and City agree that the golf course will be operated as a department of the City and governed by the joint recreation board. The department supervisor and all employees of the Golf Course will be City employees with the same rights and benefits as other City employees, and will be governed by the personnel policies of the City as to its employees and department supervisor.

The City will maintain separate accounting and financial records for the Golf Course which will be available for County inspection during normal business hours. The Golf Course Supervisor is required to make monthly reports to both the governing authorities.

In addition, the City and County have entered into a joint agreement with the Ruth T. Jinks Foundation, Incorporated for charitable contributions to be made by the Foundation to the City to pay the indebtedness on the Golf Course, and pay the monthly operating deficiency, if any.

Both governing authorities agree to contribute $17,000 per year to the Golf Course beginning March 1, 2008.

One half of the capital assets and long-term debt of the Golf Course are reported on the City's and County's statements each as an undivided interest.

**B. Basis of Presentation**

*Government-wide Statements*: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations have not been made in the funds. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements*: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

The City reports the following major governmental funds:

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

*Pataula Drug Task Force Grant Funds Fund* – This fund accounts for the receipt of federal grant money for the Drug Task Force and is used for their expenditures.

*CDBG Capital Projects Fund 09* – This fund accounts for the receipt and disbursements of the Community Development Block Grant that the City was awarded in 2009.

The City reports the following major enterprise funds:

*Water and Sewer Fund* – This fund accounts for the operation and maintenance of the City's Water and Sewer Facilities.

*Gas Fund* – This fund accounts for the operation and maintenance of the City's Gas Facilities.

*Environmental Services Fund* – This fund accounts for the operation and maintenance of the City's Environmental Facilities.

*Golf Course Fund* – This fund accounts for the operation and maintenance of the City/County Golf Course.

Additionally, the City reports the following fund types:

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The only agency fund the City has is the municipal court fund.

**C. Measurement Focus, Basis of Accounting**

*Government-wide, Proprietary and Fiduciary Fund Financial Statements* – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund 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 City 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 City 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 general long-term debt, claims and judgments, 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 City 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 assets available to finance the program. It is the City'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 enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

### D. Capital Asset

Capital assets, which include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, will not be considered infrastructure assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The standard capitalization thresholds for capitalizing assets for each major class of assets established by the Colquitt City Council are detailed below:

| Class of Asset | Capitalization Threshold | Control Threshold |
|---|---|---|
| Land/Land Improvements | Capitalize All | All |
| Building/Building Improvements | $ 5,000 | $ 500 |
| Facilities and Other Improvements | 5,000 | 500 |
| Infrastructure | 100,000 | 100,000 |
| Equipment | 5,000 | 500 |
| Furniture | 5,000 | 500 |
| Vehicles, Boats, and Aircraft | 5,000 | 500 |
| Software (developed or purchased) | 5,000 | 500 |
| Library Books/Materials (collections) | Capitalize All | All |
| Works of Art/Historical Treasures | Capitalize All | All |
| Leasehold Improvements | 5,000 | 500 |

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed. There were not any constructed projects with capitalized interest in the business-type activities for the year ended June 30, 2012.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible. Inexhaustible assets such as land improvements are not depreciated.

Depreciation is reported in the government-wide statement of activities and in the proprietary fund statement of revenues, expenses, and changes in fund net assets.
Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

| Asset Class | Estimated Useful Lives |
|---|---|
| Buildings/Building Improvements | 20-50 years |
| Facilities and Other Improvements | 10-60 years |
| Infrastructure | 20 years |
| Equipment | 3-20 years |
| Furniture & Fixtures | 7 years |
| Vehicles | 6-12 years |

**E. Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least three months prior to year-end, the City Clerk and department heads begin work on the proposed operating budget for the forthcoming fiscal year.

2. Thirty days prior to year-end, the City Clerk submits to the City Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted to obtain taxpayer comments.

4. As close to year-end as possible, the budget is legally adopted by the City Council and made a part of the City's minutes.

5. Any changes to the City's budget must be approved by the City Council. The City Council approves all expenditures over $1,500. The City Manager approves all expenditures under $1,500.

6. For budgetary purposes, the City adopts a budget for the general, special revenue, and debt service funds. The budgets are adopted on the budgetary (modified cash) basis which is not consistent with generally accepted accounting principles. Differences between the basis of

accounting (basis differences) used for budgeting and financial reporting in accordance with generally accepted accounting principles are reconciled in the budget comparative statements. Fixed budgets are prepared for the enterprise funds for administrative purposes. Project budgets are used for Capital Projects Funds.

7. Budgeted amounts are as originally adopted plus amendments. The City Council adopted the budget on July 12, 2011 and it was amended on September 18, 2012..

8. The legal level of budgetary control is at the department level.

**F. Encumbrances**

There were no material purchase orders, contracts or other commitments at year-end which should have been encumbered. The City does not use encumbrance accounting.

**G. Investments**

Investments are stated at cost. The City's policy is to invest only in the type of investments which are legally authorized by state statutes. The City's main investments consist of certificates of deposits and money market accounts that are classified as cash.

The City also participates in the State of Georgia Local Government Investment pool - "Georgia Fund 1". The Georgia Fund 1 state investment pool is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the City's investments in the Georgia Fund 1 have been determined based on the pool's share price.

"Georgia Fund 1", created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

Investments (Pooled Cash) are recorded at cost plus accrued interest, which approximates market value.

The City had no investments in the State of Georgia Local Government Investment Pool (Georgia Fund 1) as of June 30, 2012, Georgia Fund 1 is managed under the policies included in Georgia Law (O.C.G.A. 36-83-4).

The entire portfolio, including the City's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The title to all investments, including collateral pledged to secure certificates of deposit, is held in the custody of the Director, Fiscal Division, Office of Treasury and Fiscal Services, State of Georgia

in accordance with Georgia law. Since these investments are not evidenced by securities that exist in physical or book entry form; they are not classified by category or credit risk. Additionally, no indication of the level of risk has been provided because these investments are in pools managed by other governments or by other agents.

### H. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when purchased (the purchase method) at the individual fund level. Inventories are recorded using the consumption method for proprietary fund-type inventories at the fund level. For governmental and business-type activities in the government-wide financial statements, inventories are reported using the consumption method.

Certain payments to vendors reflect cost applicable to future accounting periods and are reported as prepaid items for proprietary-type funds and in the government-wide financial statements and business-type activities.

### I. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible.

### J. Compensated Absence

Vacation - Employees with 0-5 years of service can earn up to 18 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with 6-10 years of service can earn up to 21 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with 11-15 years of service can earn up to 24 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with 16-20 years of service can earn up to 27 days of vacation leave per year and accrue up to a maximum of 45 days.

Employees with more than 20 years of service can earn up to 30 days of vacation leave per year and accrue up to a maximum of 45 days.

Comp Time - All employees except salary and police department can accrue hours worked over forty hours as time and a-half. These hours can accrue as earned until used.

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee and the amount of such payments cannot be reasonably estimated.

The General Fund has been used to liquidate compensated absences, unless associated with a specific proprietary fund, in prior years.

## K. Restricted Assets

Restricted assets consist of customer deposits for utility services and funds required to be placed in a separate account to be used to retire GEFA debt as it matures.

## L. Cash

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, and certificate of deposits, which are available on demand or have a maturity of three months or less. In addition, because the Georgia Fund 1 pooled cash is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. All of these accounts are considered cash equivalents for the purpose of the Combined Statement of Cash Flows - All Proprietary Fund Types.

## M. 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 assets."

*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 on 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. The City 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, the City Council has authorized the City's finance committee or the City's finance director 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 balance 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

*Net Assets* – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense in incurred for purposes for which both restricted and unrestricted net assets are available.

## NOTE 2 – PROPERTY TAX CALENDAR

For 2012 taxes, the following property tax calendar applies:

| | |
|---|---|
| Assessment date: | December 23, 2011 |
| Collection dates: | December 23, 2011 to February 23, 2012 |
| Lien date: | May 24, 2012 |

The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables, i.e. available.

Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Such time thereafter does not exceed 60 days.

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## NOTE 3 – CAPITAL ASSETS

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

| Governmental Activities: | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 254,338 | $ - | $ - | $ 254,338 |
| Land under roads | 164,839 | - | - | 164,839 |
| Construction in progress | 251,146 | 278,955 | - | 530,101 |
| Total capital assets not being depreciated | 670,323 | 278,955 | - | 949,278 |
| Capital assets being depreciated: | | | | |
| Automobiles | 1,092,913 | 174,416 | (46,734) | 1,220,595 |
| Buildings | 612,167 | - | - | 612,167 |
| Infrastructure | 817,997 | - | - | 817,997 |
| Computer systems | 50,288 | - | - | 50,288 |
| Machinery & equipment | 869,237 | - | (7,000) | 862,237 |
| Total capital assets being depreciated | 3,442,602 | 174,416 | (53,734) | 3,563,284 |
| Less accumulated depreciation for: | | | | |
| Automobiles | (762,600) | (69,138) | 44,387 | (787,351) |
| Buildings | (206,646) | (16,423) | - | (223,069) |
| Infrastructure | (155,118) | (39,320) | - | (194,438) |
| Computer systems | (50,288) | - | - | (50,288) |
| Machinery & equipment | (476,206) | (60,897) | 467 | (536,636) |
| Total Accumulated Depreciation | (1,650,858) | (185,778) | 44,854 | (1,791,782) |
| Capital assets being depreciated, net | 1,791,744 | (11,362) | (8,880) | 1,771,502 |
| Capital Assets, net | $ 2,462,067 | $ 267,593 | $ (8,880) | $ 2,720,780 |

Depreciation expense was changed to the governmental functions as follows:

| | |
|---|---|
| General Government | $ 25,844 |
| Public Safety | 92,281 |
| Public Works | 67,653 |
| Total governmental depreciation expense: | $ 185,778 |

| **Business-type Activities:** | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Capital assets not being depreciated:** | | | | |
| Land | $ 218,925 | $ - | $ - | $ 218,925 |
| Construction in Progress | 2,307,341 | 58,367 | - | 2,365,708 |
| Total capital assets not being depreciated | 2,526,266 | 58,367 | - | 2,584,633 |
| **Capital Assets being depreciated:** | | | | |
| Buildings | 375,927 | - | - | 375,927 |
| Structures & Improvements | 10,214,938 | - | - | 10,214,938 |
| Machinery & Equipment | 633,971 | - | - | 633,971 |
| Automobile Equipment | 158,641 | - | - | 158,641 |
| Computer Systems | 636 | - | - | 636 |
| Total capital assets being depreciated: | 11,384,113 | - | - | 11,384,113 |
| Less accumulated depreciation for: | | | | |
| Buildings | (101,479) | (11,270) | - | (112,749) |
| Structures & Improvements | (2,627,073) | (171,182) | - | (2,798,255) |
| Machinery & Equipment | (266,327) | (58,760) | - | (325,087) |
| Automobile Equipment | (84,494) | (12,484) | - | (96,978) |
| Computer systems | (637) | - | - | (637) |
| Total accumulated depreciation | (3,080,010) | (253,696) | - | (3,333,706) |
| Capital Assets being depreciated, net | 8,304,103 | (253,696) | - | 8,050,407 |
| Capital Assets, net | $ 10,830,369 | $ (195,329) | $ - | $ 10,635,040 |

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## NOTE 4 – LONG-TERM OBLIGATIONS

On February 24, 2006 the City became indebted to Ameris Bank in the amount of $100,039 for the purchase of a fire truck. The City is obligated, beginning March 25, 2006, to make 84 monthly payments of $1,407. The interest rate on this note is 4.79%. The balance due on this note at June 30, 2012 was paid out.

On April 30, 2007, the City entered into a capital lease agreement with the Georgia Municipal Association (later assigned to Branch Bank and Trust) in the amount of $117,538 for the purchase of a Cat 430 E0 Backhoe ($44,700), Dump Truck ($20,000) and a JD 6603 Tractor with Mower ($52,838). The City is obligated, beginning July 15, 2007, to make 59 monthly payments of $2,237. The interest rate on this capital lease is 4.52%. The balance due on this capital lease at June 30, 2012 was paid out.

In the process of purchasing the Crooked Oak Golf Course in April 2007, the City became obligated to repay a note to Three Notch EMC in the amount of $59,167. The City is to make annual payments of $9,250 in March of each year until this debt is retired. The interest rate on this note is 0.00%. The balance due on this note at June 30, 2012 was $3,667.

On June 13, 2008, the City became indebted to Ameris Bank in the amount of $21,448 for the purchase of a Dodge Charger. The City is obligated, beginning July 15, 2008, to make 60 monthly payments of $395. The interest rate on this note is 3.9%. The balance due on this note at June 30, 2012 was $4,576.

On May 21, 2010, the City entered into a capital lease agreement with BB&T Government Finance in the amount of $283,927 for the purchase of a Garbage Truck, Containers and Carts. The City is obligated, beginning June 1, 2010, to make 60 monthly payments of $5,396. The interest rate on this note is 3.1%. The balance on this capital lease at June 30, 2012 was $175,422.

On September 1, 2010, the City entered into a capital lease agreement with BB&T Government Finance in the amount of $24,015 for the purchase of 16 Sanitation Dumpsters. The City is obligated, beginning October 1, 2010, to make 60 monthly payments of $438. The interest rate on this capital lease is 3.58%. The balance on this capital lease at June 30, 2012 was $15,704.

On November 8, 2010, the City became indebted to Peoples Bank in the amount of $7,020 for the purchase of a Mower. The City is obligated, beginning June 15, 2011, to make 2 annual payments of $3,657. The interest rate on this note is 3.75%. The balance on this note at June 30, 2012 was paid out.

On November 14, 2011, the City became indebted to First State Bank in the amount of $28,316 for the purchase of a Business Truck. The City is obligated, beginning December 14, 2011, to make 48 monthly payments of $837. The interest rate on this note is 3.75%. The balance due on this note at June 30, 2012 was $23,900.

On April 27, 2012, the City became indebted to Peoples South Bank in the amount of $110,000 for the purchase of a Fire Truck. The City is obligated, beginning June 10, 2012, to make 96 monthly

payments of $1,330. The interest rate on this note is 3.7%. The balance on this note at June 30, 2012 was $109,172.

**GEFA Notes Payable**

On April 29, 1993, the City of Colquitt received notification that its request for a loan from the Georgia Environmental Facilities Authority (GEFA) in the amount of $377,110 had been approved. The purpose of the loan was for the City to make water supply and wastewater system improvements. The note was executed on October 14, 1993. These funds are being repaid with 65 quarterly payments of $9,025 at an interest rate of 4.8%. This project was completed during the year ended June 30, 1999 and the capital improvements were transferred from construction in progress to water facility improvements and depreciated.

Repayment terms on this note were changed to 137 monthly payments of $2,999 followed by one final payment of $2,948 effective December 1, 2004. No other changes were made to this note agreement. Refinanced with below October 13, 2006 agreement.

On September 10, 1998, the City of Colquitt entered into a loan agreement with the Georgia Environmental Facility Authority (GEFA) in the amount of $675,500. On September 17, 1999, the loan agreement was amended up to $735,500. The purpose of this loan is to extend the water facilities service to include the golf course. These funds started being repaid on April 1, 2001 with 80 quarterly payments of $13,085 at an interest rate of 4.11%. This project was completed during the year ended June 30, 2000 and the capital improvements were transferred from construction in progress to water facility improvements and depreciated.

Repayment terms on this note were changed to 180 monthly payments of $4,351 followed by one final payment of $4,262 effective February 1, 2005. No other changes were made to this note agreement. Refinanced with below October 13, 2006 agreement.

On October 13, 2006, the City entered into an agreement with the Georgia Environmental Facility Authority (GEFA) to refinance the above 93 and 98 notes payable at 3% interest rate. Monthly payments of $6,170 are due for 150 months beginning in August 2007 to be fully paid on January 1, 2020. The balance unpaid on this note (2006L04A) at fiscal year-end is $497,833.

On October 13, 2006, the City entered into an agreement with the Georgia Environmental Facility Authority (GEFA) for an amount not to exceed $2,970,800. The City made draws totaling $3,090,839 as of fiscal year-end. The interest rate on this note is 3%. The draws on this note (2006LO4B) were put into repayment in May 2010. Monthly payments of $17,141 are due for 240 months beginning May 2010. The balance on this note at June 30, 2012 was $2,838,254.

On January 25, 2010, the City entered into an agreement with the Georgia Environmental Facility Authority (GEFA) for an amount not to exceed $1,400,000. Of the $1,400,000, 70% will be considered subsidy funds and will not require repayment. Administrate fees of $28,000 have been charged against this note and have all been paid. This note was placed in repayment in the current fiscal year. Principal payments of $2,554 have been paid in the current fiscal year. The balance on this note at June 30, 2012 was $416,094.

On February 2, 2006, the City of Colquitt entered into a loan agreement with the Drinking Water Revolving Loan Fund administered by the Georgia Environmental Facility Authority (GEFA) in the amount of $650,000. The purpose of this loan is to finance the cost of acquiring, constructing and installing a new environmental facility. The unpaid principal on this note shall bear interest at a rate per annum equal to 3% until the amortization commencement. Principal and interest on this note shall be payable in 240 consecutive monthly installments of $5,652. This note was placed into repayment in November 2009 and as of fiscal year-end the balance was $1,011,704.

On July 31, 2008, the City amended the February 2, 2006 loan agreement to include a subsidy in the amount of $452,500 that will not require repayment.

On October 23, 2009, the City of Colquitt entered into a loan agreement with the Drinking Water Revolving Loan Fund administered by the Georgia Environmental Facility Authority (GEFA) in the amount of $641,068. This agreement includes $150,000 of subsidy funds that would not require repayment. The purpose of this loan is to finance the cost of the construction of a 750 GPM well and the installation of approximately 14,500 linear feet of water lines and related appurtenances. A 2% closing fee of $12,821 has been charged on this note and has been paid off. This note has not been placed into repayment as of June 30, 2012.

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## Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

| | July 1, 2011 | Increases | Decreases | June 30, 2012 | Due within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital Leases | $ 24,062 | $ - | $ (24,062) | $ - | $ - |
| Notes Payable | 39,456 | 138,316 | (40,124) | 137,648 | 22,976 |
| Compensated absences payable | 38,527 | 54,520 | (53,927) | 39,120 | - |
| Sub-total-Governmental activities | 102,045 | 192,836 | (118,113) | 176,768 | 22,976 |
| **Business-type activities:** | | | | | |
| **Water and Sewer Fund** | | | | | |
| GEFA Notes Payable In Repayment | 4,573,972 | 418,648 | (228,735) | 4,763,885 | 248,060 |
| GEFA Notes Payable Not In Repayment | 966,646 | 22,869 | (383,148) | 606,367 | - |
| Compensated absences payable | 23,318 | 23,470 | (20,795) | 25,993 | - |
| Sub-totals-Water & Sewer Fund | 5,563,936 | 464,987 | (632,678) | 5,396,245 | 248,060 |
| **Gas Revenue Fund** | | | | | |
| Compensated absences payable | 6,057 | 4,938 | (5,822) | 5,173 | - |
| Sub-total-Gas Revenue Fund | 6,057 | 4,938 | (5,822) | 5,173 | - |
| **Environmental Services Fund** | | | | | |
| Capital Leases | 259,213 | - | (68,087) | 191,126 | 59,444 |
| Compensated absences payable | 4,409 | 7,940 | (4,636) | 7,713 | - |
| Sub-total-Environmental Services Fund | 263,622 | 7,940 | (72,723) | 198,839 | 59,444 |
| **Golf Course Fund** | | | | | |
| Notes Payable | 12,917 | - | (9,250) | 3,667 | 3,667 |
| Compensated absences payable | 11,153 | 9,030 | (7,205) | 12,978 | - |
| Sub-total-Golf Course Fund | 24,070 | 9,030 | (16,455) | 16,645 | 3,667 |
| Sub-total-Business-type activities | 5,857,685 | 486,895 | (727,678) | 5,616,902 | 311,171 |
| Total all long-term debt | $ 5,959,730 | $ 679,731 | $ (845,791) | $ 5,793,670 | $ 334,147 |

Debt service requirements on long-term debt at June 30, 2012 are as follows:

| | Governmental Activities Notes Payable | | |
|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Totals |
| 2013 | $ 22,976 | $ 5,364 | $ 28,340 |
| 2014 | 19,655 | 3,948 | 23,603 |
| 2015 | 20,398 | 3,205 | 23,603 |
| 2016 | 16,632 | 2,513 | 19,145 |
| 2017 | 14,022 | 1,939 | 15,961 |
| 2018 | 14,550 | 1,411 | 15,961 |
| 2019 | 15,098 | 864 | 15,962 |
| 2020 | 14,317 | 313 | 14,630 |
| Totals | $ 137,648 | $ 19,557 | $ 157,205 |

| | Business-type Activities Notes Payable | | |
|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Totals |
| 2013 | $ 251,727 | $ 127,363 | $ 379,090 |
| 2014 | 254,976 | 120,447 | 375,423 |
| 2015 | 262,086 | 113,337 | 375,423 |
| 2016 | 269,400 | 106,023 | 375,423 |
| 2017 | 276,927 | 98,496 | 375,423 |
| 2018 | 284,671 | 90,752 | 375,423 |
| 2019 | 292,639 | 82,785 | 375,424 |
| 2020 | 265,014 | 74,795 | 339,809 |
| 2021 | 233,114 | 68,268 | 301,382 |
| 2022 | 239,477 | 61,905 | 301,382 |
| 2023-2027 | 1,299,309 | 207,603 | 1,506,912 |
| 2028-2032 | 838,212 | 37,521 | 875,733 |
| Totals | $ 4,767,552 | $ 1,189,295 | $ 5,956,847 |

| | Business-type Activities Capital Leases | | |
|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Totals |
| 2013 | $ 59,444 | $ 4,728 | $ 64,172 |
| 2014 | 66,824 | 3,182 | 70,006 |
| 2015 | 63,553 | 1,056 | 64,609 |
| 2016 | 1,305 | 8 | 1,313 |
| Totals | $ 191,126 | $ 8,974 | $ 200,100 |

## NOTE 5 – SHORT-TERM BORROWING

On December 31, 2010, the City entered into a refinancing agreement with First State Bank to borrow $120,000 on a line of credit to pay general operating expenses. The interest rate on this note is 3.5%, which is to be repaid principal and interest by December 31, 2011. The City made principal payments totaling $20,000 during the fiscal year and refinanced $100,000 on January 1, 2013.

On January 1, 2013, the City entered into a refinancing agreement with First State Bank to borrow $100,000 on a line of credit o pay general operating expenses. The interest rate on this note is 3.25%, which is to be repaid principal and interest by January 1, 2013. The balance on this note at June 30, 2012 was $100,000. This debt was secured by the assignment of a certificate of deposit.

On August 25, 2010 the City entered into a refinancing agreement with Ameris Bank to borrow $63,599 to pay general operating expenses. The interest rate on this note is 3.75%, which is to be repaid principal and interest by August 25, 2011. The City made principal payments totaling $13,599 during the fiscal year and refinanced $50,000 on February 10, 2012.

On February 10, 2012 the City entered into a refinancing agreement with Ameris Bank to borrow 50,100 to pay general operating expenses. The interest rate on this note is 3.75%, which is to be repaid principal and interest by February 15, 2013.

On December 31, 2009 the City and County entered into a short-term financing agreement with First State Bank to refinance golf course debt. The total initial amount of this debt was $585,150 with the City's obligation being $292,575. The City and County have entered into an intergovernmental agreement where upon repayment of the indebtedness each year, the City and County will refinance all but the interest and one-tenth (1/10) of the principal. This note was refinanced on January 1, 2012 at an interest rate of 4%. The City made principal payments totaling $67,575 in prior fiscal years and $50,000 in the current fiscal year. The City's balance on this agreement at June 30, 2012 was $175,250 which is due by December 31, 2012.

On December 31, 2009, the City entered into a short-term financing agreement with First State Bank to refinance Georgia State Patrol Building debt. The total initial amount of this debt is $1,500,000. The debt is secured and to be paid by the Ruth T. Jinks Foundation, Inc. This note was refinanced on January 1, 2012 at an interest rate of 4%. Principal payments were made totaling $200,000 in prior

fiscal years and $100,000 in the current fiscal year. The balance on this agreement at June 30, 2012 was $1,200,500 which is due by January 1, 2013.

On September 16, 2010, the City entered into a short-term refinancing agreement with Peoples Bank to borrow $58,015 to purchase a Limb & Leaf Truck. The interest rate on this note is 3.75%, which is to be paid back principal and interest by September 16, 2011. The City made principal payments in the amount of $20,000 during the fiscal year and refinanced $38,015 on September 16, 2011.

On September 16, 2011, the City entered into a short-term refinancing agreement with Peoples Bank to borrow $38,015 to purchase a Limb & Leaf Truck. The interest rate on this note is 3.75%, which is to be paid back principal and interest by September 16, 2012. The balance on this note at June 30, 2012 was $38,015.

On December 31, 2010, the City entered into a short-term refinancing agreement with First State Bank to borrow $357,225 to pay general operating expenses. The interest on this note is 3.5%, which is to be paid back principal and interest by December 31, 2011. The City made principal payments in the amount of $10,809 during the fiscal year and refinanced $346,416 on December 31, 2011.

On December 31, 2011, the City entered into a short-term refinancing agreement with First State Bank to borrow $346,416 to pay general operating expenses. The interest on this note is 3.5%, which is to be paid back principal and interest by December 30, 2012. The City made principal payments in the amount of $7,254 during the fiscal year. The balance on this note at June 30, 2012 was $339,162. This debt is secured by the assignment of a certificate of deposit.

On February 2, 2011, the City entered into a short-term debt agreement with Peoples South Bank to borrow $240,000 to pay general operating expenses. The interest on this note is 3.75%, which is to be paid back principal and interest by December 31, 2011. This note was not refinanced on December 31, 2011, however was paid off on December 23, 2012.

On May 31, 2012, the City entered into a short-term debt agreement with Ameris Bank to borrow $150,000 to pay general operating expenses. The interest on this note is 3%, which is to be paid back principal and interest by January 5, 2013.

On February 16, 2012, the City entered into a short-term debt agreement with First State Bank to borrow $175,250 to pay for Milford Street Sidewalk Project. The interest on this note is 4.5%, which is to be paid back principal and interest by April 16, 2012. Principal of $82,360 was repaid and $92,890 was refinanced on May 7, 2012.

On May 7, 2012, the City entered into a short-term refinancing agreement with First State Bank to borrow $92,890 to pay for Milford Street Sidewalk Project. The interest on this note is 4.5%, which is to be paid back principal and interest by August 15, 2012.

On August 6, 2011, the City entered into a short-term debt agreement with Peoples Bank to borrow $150,000 to pay general operating expenses. The interest on this note is 3.74%, which is to be paid back principal and interest by December 31, 2011. This note was paid off at year end.

On February 23, 2012, the City entered into a short-term debt agreement with Peoples Bank to borrow $265,000 to pay general operating expenses. The interest rate on this note is 3.73%, which is to be paid back principal and interest by December 31, 2012. The City made principal payments in the amount of $65,000 during the fiscal year. The balance on this note at June 30, 2012 was $200,000.

## Short-term Obligation Activity

Changes in short-term obligations for the year ended June 30, 2012 are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Lines of Credit | $ 235,885 | $ 958,140 | $ (651,135) | $ 542,890 |
| Georgia State Patrol | 1,300,250 | 1,200,500 | (1,300,250) | 1,200,500 |
| Sub-total-Governmental activities | 1,536,135 | 2,158,640 | (1,951,385) | 1,743,390 |
| **Business-type activities:** | | | | |
| **Water and Sewer Fund** | | | | |
| Refinancing of Bonds | 63,599 | 50,100 | (63,599) | 50,100 |
| Notes Payable | 357,225 | 346,416 | (364,479) | 339,162 |
| Sub-totals-Water & Sewer Fund | 420,824 | 396,516 | (428,078) | 389,262 |
| **Environmental Services Fund** | | | | |
| Notes Payable | 58,015 | 38,015 | (58,015) | 38,015 |
| Sub-total-Environmental Services Fund | 58,015 | 38,015 | (58,015) | 38,015 |
| **Golf Course Fund** | | | | |
| Golf Course Debt | 225,125 | 175,250 | (225,125) | 175,250 |
| Sub-total-Golf Course Fund | 225,125 | 175,250 | (225,125) | 175,250 |
| Sub-total-Business-type activities | 703,964 | 609,781 | (711,218) | 602,527 |
| Total all short-term debt | $ 2,240,099 | $ 2,768,421 | $ (2,662,603) | $ 2,345,917 |

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## NOTE 6 – RESTRICTED NET ASSETS

Net assets restricted for capital projects and special revenue funds are as follows:

| | Major Funds | Non-major Funds | Total |
|---|---|---|---|
| SPLOST Police Ref. 3 | $ - | $ 25,177 | $ 25,177 |
| SPLOST Fire Ref. 3 | - | 4,879 | 4,879 |
| SPLOST Public Works Ref. 3 | - | 31,117 | 31,117 |
| Confiscated Assets SRF | - | 785 | 785 |
| Pataula Drug Task Force - Grant Funds SRF | 5,228 | - | 5,228 |
| Recreation Department SRF | - | 137 | 137 |
| Municipal Technology SRF | - | 514 | 514 |
| Municipal Jail SRF | - | 4,214 | 4,214 |
| | $ 5,228 | $ 66,823 | $ 72,051 |

## NOTE 7 – SPECIAL ITEM – SALE OF CAPITAL ASSETS

During the fiscal year ended June 30, 2012, the City sold certain capital assets, which were transactions the City considers infrequent in occurrence. The City has reported these transactions as special items in the government-wide financial statements as required by GASB 34, paragraph 56.

The transactions consisted of the disposition of a JD 544 Loader for $ 42,500 and other small surplus items.

## NOTE 8 – RETIREMENT COMMITMENTS

Plan Description. The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple employer public retirement system that acts as a common investment and administrative agent for cities, counties, authorities and agencies in the State of Georgia. The plan is also a defined benefit plan.

Also, the pension plan provides for death benefits and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance obligations to contribute are established by Council resolutions; amendments to the plan must also be authorized by resolution of the Council. Employees are not required to contribute to the plan. The Georgia Municipal Benefits System issues a publicly available financial report, which may be obtained by contacting Towers Perrin in Atlanta, Georgia.

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization

periods, if applicable, are closed for this plan year. The current rate of contribution for the City is 10.69% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation. The City has paid all required contributions, and therefore, has no net pension obligation. The City pays at least the required pension contribution each year. The required pension payment of $100,297 representing the annual pension cost will be paid on a monthly basis. The first installment of this estimated annual pension cost will be due and payable in July of the next fiscal year. The City contributed $ 111,828 for the fiscal year ending June 30, 2011.

| Period Ending | Annual Pension Cost | | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| 5/1/2002 | $ 3,910 | | 100% | $ - |
| 5/1/2003 | $ 6,277 | | 100% | $ - |
| 5/1/2004 | $ 21,417 | | 100% | $ - |
| 5/1/2005 | $ 26,235 | | 100% | $ - |
| 5/1/2006 | $ 35,210 | | 100% | $ - |
| 5/1/2007 | $ 35,651 | | 100% | $ - |
| 5/1/2008 | $ 45,582 | | 100% | $ - |
| 5/1/2009 | $ 65,562 | * | 100% | $ - |
| 1/1/2010 | $ 69,016 | * | 100% | $ - |
| 1/1/2011 | $ 83,450 | | 100% | $ - |
| 1/1/2012 | $ 100,297 | | 0% | |

* Annual pension cost restated per actuarial report.

Significant Actuarial Assumptions: The significant actuarial assumptions used to compute the actuarial liability and the annual recommended or required minimum contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation as of January 1, 2012 are:

| | |
|---|---|
| Rate of return on investment | 7.75% per year |
| Projected salary increases for | |
| Inflation | 3.00% per year |
| Merit or seniority | .50% per year |
| Post-retirement benefit increases | N/A |

The sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

| Actuarial Valuation Date | Actuarial Value of Assets (1) | Actuarial Accrued Liability (AAL) (2) | Unfunded AAL (UAAL) (1-2) | Funded Ratio (1/2) | Covered Payroll (3) | UAAL as a Percentage of Covered Payroll [(2-1)/3] |
|---|---|---|---|---|---|---|
| 5/1/2006 | $ 568,104 | $ 577,600 | $ (9,496) | 98.36% | $ 581,996 | 1.63% |
| 5/1/2007 | $ 593,165 | $ 659,503 | $ (66,338) | 89.94% | $ 591,900 | 11.21% |
| 5/1/2008 | $ 608,777 | $ 707,898 | $ (99,121) | 86.00% | $ 675,000 | 14.68% |
| 5/1/2009 | $ 401,988 | $ 778,430 | $ (376,442) | 51.64% | $ 871,750 | 43.18% |
| 1/1/2010 | $ 511,411 | $ 829,277 | $ (317,866) | 61.67% | $ 824,850 | 38.54% |
| 1/1/2011 | $ 561,210 | $ 919,652 | $ (358,442) | 61.02% | $ 917,500 | 39.07% |
| 1/1/2012 | $ 626,378 | $ 1,009,612 | $ (383,234) | 62.04% | $ 1,167,000 | 32.84% |

## NOTE 9 – LITIGATION AND UNASSERTED CLAIMS

There are no pending or threatened litigations against the City and additionally, there are no unasserted claims or assessments.

## NOTE 10 – DEPOSITS (INCLUDING CERTIFICATES OF DEPOSITS CLASSIFIED AS CASH)

The City's deposits at year-end were entirely covered by federal depository insurance or collateral held by the City's custodial bank in the City's name or held by a third party bank in the City's name. Statutes authorize the City to invest in obligations of this state 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 U.S., obligations of any corporation of the U.S. government, prime bankers acceptances, the Local Government Investment Pool established by state law, repurchase agreements and obligations of other political subdivisions of the State of Georgia. See note one for more details of the City's investments.

***Custodial Credit Risk – Deposits.*** This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All of the City's deposits are covered by a combination of federal depository insurance and securities pledged by financial institutions as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for its deposits.

## NOTE 11 – CONTINGENT LIABILITIES

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

## NOTE 12 – INTERFUND BALANCES AND ACTIVITIES

### Transfers to/from Other Funds

Transfers to/from funds at June 30, 2012 consisted of the following:

| | Transfer In | | | |
|---|---|---|---|---|
| **Transfer Out** | **Non-major Governmental- SPLOST DSF** | **Environmental Services** | **Golf Course** | **Total** |
| General Fund | $ - | $ 1,500 | $ 45,000 | $ 46,500 |
| Ref. 3 SPLOST CPF Police | 4,736 | - | - | 4,736 |
| Ref. 3 SPLOST CPF Fire | 37,415 | - | - | 37,415 |
| Ref. 3 SPLOST CPF Public Works | 24,609 | - | - | 24,609 |
| **Totals** | $ 66,760 | $ 1,500 | $ 45,000 | $ 113,260 |

Transfers from the SPLOST Capital Projects Funds to the SPLOST Debt Service Fund in the amount of $ 66,760 represent funds used to service principal and interest on long-term debt.

Transfers of $ 45,000 from the General Fund to the Golf Course Fund are per the agreement with the county to help fund the golf course operations.

All other transfers were for normal general operating purposes.

## NOTE 13 – RISK MANAGEMENT

The City 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, for which the City carries commercial insurance. The basis for estimating the liabilities for unpaid claims is “IBNR” established by an actuary.

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims, which the City is liable for (up to the applicable deductible), which were outstanding and unpaid at June 30, 2012. No provisions have been made in the financial statements for the year ended June 30, 2012 for any estimate of potential unpaid claims.

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## NOTE 14 – HOTEL / MOTEL LODGING TAX

The City of Colquitt has levied a 5% lodging tax. A summary of the transactions for the year ending June 30, 2012 follows:

| | | |
|---|---|---|
| Lodging tax receipts | $ | 6,371 |
| Disbursements to Colquitt - Miller County Chamber of Commerce for promotion of tourism | | (6,371) |
| Balance of lodging tax funds on hand at end of the year | $ | - |

The City of Colquitt, Georgia has received a copy of Form 990, filed with the Internal Revenue Service, from the Colquitt - Miller County Chamber of Commerce covering the lodging tax monies. The subcontractor's expenditures were for promotion of tourism as required by O.C.G.A. 48-13-51.

## NOTE 15 – FUND EQUITY

### Fund Balances:

- ***Nonspendable*** – The following fund balances are nonspendable because they are allocated to:

| | | |
|---|---|---|
| **General Fund:** | | |
| Inventories | $ | 2,500 |
| **Total** | $ | 2,500 |

- ***Restricted*** – The following fund balances are restricted for:

| | | |
|---|---|---|
| **Police Department -** Used to account for equipment and vehicles financed with SPLOST Ref #3. | $ | 25,177 |
| **Total** | $ | 25,177 |
| **Volunteer Fire Department -** Used to account for equipment and vehicles financed with SPLOST Ref #3. | $ | 4,879 |
| **Total** | $ | 4,879 |
| **Public Works -** Used to account for capital projects in the Public Works Department financed with SPLOST Ref #3. | $ | 31,117 |
| **Total** | $ | 31,117 |
| **Pataula Drug Task Force - Grant Funds** - Used to account for the receipts and disbursements related to the Edward Byrne Memorial Justice Assistance Grant Program. | $ | 5,228 |
| **Total** | $ | 5,228 |

**Special Revenue Funds**

| | | |
|---|---|---|
| **Confiscated Assets Fund** - Used to account for drug related expenditures. | $ | 785 |
| **Total** | $ | 785 |
| **Recreation Department** - Used to account for revenues collected as part of a special tax levy for the City's recreation department. | $ | 137 |
| **Total** | $ | 137 |
| **Municipal Jail** - Used to account for revenues collected from fines that are restricted for jail improvements. | $ | 514 |
| **Total** | $ | 514 |
| **Municipal Technology** - Used to account for revenues collected from fines that are restricted for technological improvements. | $ | 4,214 |
| **Total** | $ | 4,214 |

- ***Unassigned*** – The following fund balances are unassigned:

| | | |
|---|---|---|
| **General Fund** | | |
| Fund Balance (Deficit) | $ | (471,733) |
| **Total** | $ | (471,733) |
| **CDBG Capital Projects Fund 09 -** Used to account for all CDBG Grant revenues and expenditures. | $ | (89,950) |
| **Total** | $ | (89,950) |

## NOTE 16 – SPECIAL PURPOSE LOCAL OPTION SALES TAX

### Referendum # 3

A one percent (1%) Special Purpose Local Option Sales Tax was approved by a Miller County referendum on September 19, 2006, for capital expenditures/outlay. The revenue to be raised from the SPLOST is estimated to be $3,600,000 over a six-year period beginning January 1, 2007. The proceeds of the SPLOST shall be allocated exclusively for the following expenditures:

| Project | County/City | Estimated Cost | Percentage |
|---|---|---|---|
| Road, Street, and Bridge Projects | County | $ 1,512,000 | 42% |
| Emergency Medical Services | County | 360,000 | 10% |
| Sheriff's Department | County | 360,000 | 10% |
| County Buildings | County | 108,000 | 3% |
| **Public Works Department** | **City** | **612,000** | **17%** |
| **Fire Department** | **City** | **351,000** | **10%** |
| **Police Department** | **City** | **297,000** | **8%** |
| Totals | | $ 3,600,000 | 100% |

Refer to the Schedule of Special Purpose Local Option Sales Tax for listing of activities.

## NOTE 17 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Deficit fund equity

The General Fund has a deficit balance of $371,983. The City intends to alleviate this deficit with future year surpluses.

## NOTE 18 – DISCRETELY PRESENTED COMPONENT UNIT – COLQUITT DOWNTOWN DEVELOPMENT AUTHORITY

### A. Reporting Entity

The City of Colquitt Downtown Development Authority is a duly organized authority existing under and by virtue of the laws of the State of Georgia. The City Council appoints all members of the Authority's board.

The Authority is presented in the City's financial statements as a discretely presented component unit. Financial statements may be obtained at the offices of the City of Colquitt, Georgia.

### B. Capital Assets

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Capital assets not being depreciated:** | | | | |
| Land | $ 299,378 | $ - | $ - | $ 299,378 |
| Construction in Progress | 233,851 | - | (233,851) | - |
| Total capital assets not being depreciated | 533,229 | - | (233,851) | 299,378 |
| **Capital Assets being depreciated:** | | | | |
| Buildings | 844,299 | 275,099 | - | 1,119,398 |
| Machinery & Equipment | 12,238 | 8,662 | - | 20,900 |
| Total capital assets being depreciated: | 856,537 | 283,761 | - | 1,140,298 |
| Less accumulated depreciation for: | | | | |
| Buildings | (62,638) | (28,648) | - | (91,286) |
| Structures & Improvements | (4,452) | (3,665) | - | (8,117) |
| Machinery & Equipment | (917) | (1,710) | - | (2,627) |
| Total accumulated depreciation | (68,007) | (34,023) | - | (102,030) |
| Capital assets being depreciated, net | 788,530 | 249,738 | - | 1,038,268 |
| Capital assets, net | $ 1,321,759 | $ 249,738 | $ (233,851) | $ 1,337,646 |

Capitalization Policy:

Buildings are depreciated over 35 to 40 years.
Machinery and equipment over 5 to 15 years.

### C. Short-Term Borrowing

The Authority entered into a short-term debt agreement on October 19, 2007 with Peoples South Bank to purchase a Property Located at 565 E. Main Street (Tully Property) in the amount of $327,965. This note was renewed on January 31, 2012 for $260,445 at an interest rate of 3.5% and is due in full one year from that date. In addition, this note is secured by real property at 565 E. Main Street and guaranteed by the Jinks Foundation. Although not required, the Jinks Foundation has been providing the financial resources to pay the accrued interest and 5% principal annually.

### Short-term Obligation Activity

Changes in short-term obligations for the year ended June 30, 2012 are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Short-term Debt Note 3 - Tully Property | $ 275,070 | $ - | $ (275,070) | $ - |
| Short-term Debt Note 4 - Tully Property | - | 260,445 | - | 260,445 |
| Total DDA Debt | $ 275,070 | $ 260,445 | $ (275,070) | $ 260,445 |

## NOTE 19 – DISCRETELY PRESENTED COMPONENT UNIT – PATAULA JUDICIAL CIRCUIT REGIONAL DRUG TASK FORCE

### Receivables

Intergovernmental revenues include support in the form of grants received from the federal government and funds received from member agencies. Intergovernmental revenues included in income and not received at year-end are as follows:

| | |
|---|---|
| Edward Byrne Memorial Drug Control and System Improvement Grant Program | $ 56,882 |
| Due from Member Agencies | 2,802 |
| Totals | $ 59,684 |

## Deposits and Investments

At year-end all deposits were fully FDIC insured.

## Capital Assets

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

| | Beginning of Year | Increases | Decreases | End of Year |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets being depreciated: | | | | |
| Machinery and Equipment | $ 168,410 | $ 23,270 | $ - | $ 191,680 |
| Total capital assets being depreciated | 168,410 | 23,270 | - | 191,680 |
| Less accumulated depreciation for: | | | | |
| Machinery and Equipment | (66,633) | (16,471) | - | (83,104) |
| Total accumulated depreciation | (66,633) | (16,471) | - | (83,104) |
| Total capital assets being depreciated, net | 101,777 | 6,799 | - | 108,576 |
| Governmental activities capital assets, net | $ 101,777 | $ 6,799 | $ - | $ 108,576 |

## Risk Management

The Drug Task Force is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Drug Task Force is covered on the host county's insurance policy. The liability coverage for the special agents employed by the Drug Task Force is made available through the City of Colquitt as the host city of the task force.

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# REQUIRED SUPPLEMENTARY INFORMATION

## City of Colquitt, Georgia
## Budgetary Comparison Schedule - General Fund
## For the Fiscal Year Ended June 30, 2012

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis ) (See Note A) | Variance with Final Budget-Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 973,400 | $ 965,610 | $ 960,727 | $ (4,883) |
| Licenses & Permits | 29,475 | 37,421 | 37,421 | - |
| Intergovernmental | 154,337 | 131,713 | 131,712 | (1) |
| Fines, Forfeitures & Penalties | 135,000 | 125,478 | 125,478 | - |
| Charges for Services | 86,800 | 139,741 | 139,741 | - |
| Investment Income | - | 79 | 8,607 | 8,528 |
| Contributions and Donations | 15,000 | 124,954 | 43,704 | (81,250) |
| Miscellaneous | 15,067 | 163,143 | 144,589 | (18,554) |
| TOTAL REVENUES | 1,409,079 | 1,688,139 | 1,591,979 | (96,160) |
| **EXPENDITURES** | | | | |
| **General Government** | | | | |
| Legislative Department | 46,953 | 42,782 | 42,781 | 1 |
| Executive Department | 81,273 | 82,420 | 82,421 | (1) |
| Elections Department | 5,000 | 5,591 | 5,591 | - |
| Financial Administration Department | 280,766 | 751,788 | 745,669 | 6,119 |
| Total General Government | 413,992 | 882,581 | 876,462 | 6,119 |
| **Municipal Court** | | | | |
| Municipal Court | 17,900 | 17,755 | 17,755 | - |
| Total Munifipal Court | 17,900 | 17,755 | 17,755 | - |
| **Public Safety** | | | | |
| Police Department | 562,003 | 648,029 | 648,029 | - |
| Probation Department | 106,835 | 111,301 | 111,302 | (1) |
| Fire Department | 96,321 | 257,558 | 257,558 | - |
| EMS Department | 47,860 | 14,001 | 14,001 | - |
| Total Public Safety | 813,019 | 1,030,889 | 1,030,890 | (1) |
| **Public Works** | | | | |
| Street Department | 148,668 | 190,802 | 190,804 | (2) |
| Total Public Works | 148,668 | 190,802 | 190,804 | (2) |
| **Housing and Development** | | | | |
| Protective Inspection | 22,000 | 22,051 | 22,051 | - |
| Planning and zoning | 1,500 | 2,028 | 2,027 | 1 |
| Total Housing and Development | 23,500 | 24,079 | 24,078 | 1 |
| **Total Expenditures - All Departments** | 1,417,079 | 2,146,106 | 2,139,989 | 6,117 |
| **Net Excess before Operating Transfers** | (8,000) | (457,967) | (548,010) | (90,043) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In (Out) | (45,000) | (45,000) | (45,000) | - |
| Debt proceeds | - | 565,000 | 565,000 | - |
| **Total Other financing souces (uses)** | (45,000) | 520,000 | 520,000 | - |
| **Net Change in Fund Balances** | $ (53,000) | $ 62,033 | $ (28,010) | $ (90,043) |

**Budgetary Comparison Reporting**

In accordance with Governmental Accounting Standards Board Statement Number 34 (GASB 34) paragraph 131, the City has presented the budgetary comparison schedule using the same format, terminology and classifications as the budget document. Additionally, the City has presented in Note A to the budgetary comparison schedule information that reconciles budgetary information to generally accepted accounting principles (GAAP) information. The City has explained in Note A the basis differences in accordance with GASB 34 paragraph 131.

**Note A-Explanation of Differences between Revenues, Expenditures and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and GAAP General Fund on a GAAP Basis**

| **Financial Statements General Fund:** | **General Fund** |
|---|---|
| **Revenues** | |
| Actual amounts (budgetary basis) "revenues" from the Budgetary Comparison Schedule | $ 1,591,979 |
| Adjustments: | |
| The City budgets revenues on the cash basis of accounting rather than the modified accrual basis of accounting | (14,894) |
| Reclassifications: | |
| Budgetary revenues include loan proceeds but are reported as other financing sources for GAAP purposes. | (130,600) |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-general fund. | $ 1,446,485 |
| **Expenditures** | |
| Actual amounts (budgetary basis) "expenditures" from the Budgetary Comparison Schedules | $ 2,139,989 |
| Adjustments: | |
| The City budgets for payment of short-term debt on the general fund operating statement, but these amounts are reclassed to the balance sheet for GAAP purposes. | (450,885) |
| The net present value of debt agreements are recorded as additions to other financing sources and additions to capital outlays for generally accepted accounting principal purposes but not for budgetary purposes. | 28,316 |
| The City budgets expenditures on the cash basis of accounting rather than the modified accrual basis of accounting | 6,378 |
| The city netted some expenditures with revenues for budgetary basis but for GAAP basis these expenditures were seperated | (20,600) |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-general fund and major special revenue fund | $ 1,703,198 |

# City of Colquitt, Georgia
# Budgetary Comparison
# For the Fiscal Year Ended June 30, 2012

## Note B to Required Supplementary Information

### Budget and Budgetary Accounting

Listed below is a summary of the procedures followed by the City in establishing the budgetary data reflected in the budgetary comparison schedule:

At least three months prior to year-end, the City Clerk and department heads begin work on the proposed operating budget for the forthcoming fiscal year.

Thirty days prior to year-end, the City Clerk submits to the City Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

Public Hearings are conducted to obtain taxpayer comments.

As close to year-end as possible, the budget is legally adopted by the City Council and made a part of the City's minutes.

Any changes to the City's budget must be approved by the City Council. The City Council approves all expenditures over $1,500. The City Manager approves all expenditures under $1,500.

For budgetary purposes, the City adopts a budget for the general, special revenue, and debt service funds. The budgets are adopted on budgetary (modified cash) basis which is not consistent with generally accepted accounting principles. Differences between the basis of accounting (basis differences) used for budgeting and financial reporting in accordance with generally accepted accounting principles are reconciled in the budget comparative statements. Fixed budgets are prepared for the enterprise funds for administrative purposes. Project budgets are used for Capital Projects Funds.

Budgeted amounts are as originally adopted plus amendments. The City Council adopted the budget on July 12, 2011 and it was amended on September 18, 2012. All appropriations lapse at year-end.

The legal level of budgetary control is at the department level.

# City of Colquitt, Georgia
# Required Supplementary Information
# June 30, 2012

Retirement Plan
GASB 27 Required Supplementary Information-Schedule of Funding Progress

| Fiscal Year Ending | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| | (a) | (b) | (b-a) | (a/b) | (c) | [(b-a)/c] |
| May 1, 2002 | $ 528,618 | $ 292,181 | $ (236,437) | 180.92% | $ 346,174 | -68.30% |
| May 1, 2003 | $ 517,316 | $ 352,770 | $ (164,546) | 146.64% | $ 421,284 | -39.06% |
| May 1, 2004 | $ 528,945 | $ 460,864 | $ (68,081) | 114.77% | $ 417,135 | -16.32% |
| May 1, 2005 | $ 545,856 | $ 523,430 | $ (22,426) | 104.28% | $ 515,569 | -4.35% |
| May 1, 2006 | $ 568,104 | $ 577,600 | $ 9,496 | 98.36% | $ 581,996 | 1.63% |
| May 1, 2007 | $ 593,165 | $ 659,503 | $ 66,338 | 89.94% | $ 591,900 | 11.21% |
| May 1, 2008 | $ 608,777 | $ 707,898 | $ 99,121 | 86.00% | $ 675,000 | 14.68% |
| May 1, 2009 | $ 401,988 | $ 778,430 | $ 376,442 | 51.64% | $ 871,750 | 43.18% |
| January 1, 2010 | $ 511,411 | $ 829,277 | $ 317,866 | 61.67% | $ 824,850 | 38.54% |
| January 1, 2011 | $ 561,210 | $ 919,652 | $ 358,442 | 61.02% | $ 917,500 | 39.07% |

# City of Colquitt, Georgia
# Employee Retirement System
# Required Supplementary Information
# For the Fiscal Year Ended June 30, 2012

**Notes to the Required Supplementary Information**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation date: | January 1, 2012 |
| Actuarial cost method: | Projected unit credit |
| Actuarial Assumptions Utilized: | |
| Investment rate of return: | 7.75% |
| Projected salary increases: | 3.50% |
| Cost-of-living adjustments: | None |

# SUPPLEMENTARY INFORMATION

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

# CITY OF COLQUITT, GEORGIA

## For the Fiscal Year Ended June 30, 2012

### *NON-MAJOR GOVERNMENTAL FUNDS*

## SPECIAL REVENUE FUND

**Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.**

## DEBT SERVICE FUND

**Debt service funds are used to record the funding and payment of principal and interest on certain general long term debt not accounted for in other funds.**

## CAPITAL PROJECTS FUNDS

**Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust fund.**

# City of Colquitt, Georgia
# Non-Major Governmental Funds
# Combining Balance Sheet
# For the Fiscal Year Ended June 30, 2012

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Totals |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 5,650 | $ - | $ 25,159 | $ 30,809 |
| Notes Reveivable | - | 3,758 | - | 3,758 |
| Intergovernmental Receivable | - | - | 39,839 | 39,839 |
| **Total Assets** | $ 5,650 | $ 3,758 | $ 64,998 | $ 74,406 |
| **Liabilties and Fund Balance** | | | | |
| Accounts Payable | $ - | $ - | $ 885 | $ 885 |
| Short-term debt | - | - | 92,890 | 92,890 |
| **Total Liabilities** | - | - | 93,775 | 93,775 |
| **Fund Balances** | | | | |
| Restricted for: | | | | |
| Public Safety | 785 | - | 30,056 | 30,841 |
| Public Works | - | - | 31,117 | 31,117 |
| Recreation | 137 | - | - | 137 |
| Judicial | 4,728 | 3,758 | - | 8,486 |
| Unassigned | - | - | (89,950) | (89,950) |
| **Total Fund Balances** | 5,650 | 3,758 | (28,777) | (19,369) |
| **Total Liabilities and Fund Balance** | $ 5,650 | $ 3,758 | $ 64,998 | $ 74,406 |

## City of Colquitt, Georgia
## Non-Major Governmental Funds
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## For the Fiscal Year Ended June 30, 2012

| Revenues | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Totals |
|---|---|---|---|---|
| Intergovernmental Revenue | $ - | $ - | $ 371,627 | $ 371,627 |
| Property Tax | 34,723 | - | - | 34,723 |
| Hotel / Motel Tax | 6,371 | - | - | 6,371 |
| Fines and Forfeitures | 15,885 | - | - | 15,885 |
| Miscellaneous | 14,081 | - | - | 14,081 |
| Interest Income | 53 | - | 61 | 114 |
| **Total Revenues** | 71,113 | - | 371,688 | 442,801 |
| **Expenditures** | | | | |
| Current | | | | |
| Housing and Development | 6,371 | - | - | 6,371 |
| Judicial | 9,790 | | | 9,790 |
| Public Safety | 2,625 | - | - | 2,625 |
| Culture and Recreation | 54,402 | - | - | 54,402 |
| Debt Service | | | | |
| Principal | - | 60,658 | - | 60,658 |
| Interest | 381 | 2,343 | - | 2,724 |
| Capital Outlay | | | | |
| Public Safety | - | - | 128,071 | 128,071 |
| Public Works | - | - | 334,669 | 334,669 |
| **Total Expenditures** | 73,569 | 63,001 | 462,740 | 599,310 |
| **Excess of Revenues Over Expenditures** | (2,456) | (63,001) | (91,052) | (156,509) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | - | 66,759 | - | 66,759 |
| Transfers (out) | - | - | (66,760) | (66,760) |
| Proceeds from sale of capital assets | - | - | 42,500 | 42,500 |
| **Total Other Financing Sources (Uses)** | - | 66,759 | (24,260) | 42,499 |
| **Net Change in Fund Balance** | (2,456) | 3,758 | (115,312) | (114,010) |
| **Fund Balance - Beginning of Year** | 8,106 | - | 86,535 | 94,641 |
| **Fund Balance - End of Year** | $ 5,650 | $ 3,758 | $ (28,777) | $ (19,369) |

## City of Colquitt, Georgia
## Non-Major Special Revenue Funds
## Combining Balance Sheet
## For the Fiscal Year Ended June 30, 2012

| | Hotel/Motel Taxes | Confiscated Assets | Recreation Department | Municipal Jail | Municipal Technology | Totals |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash | $ - | $ 785 | $ 137 | $ 514 | $ 4,214 | $ 5,650 |
| Due from Other Governments | - | - | - | - | - | - |
| **Total Assets** | $ - | $ 785 | $ 137 | $ 514 | $ 4,214 | $ 5,650 |
| **Liabilties and Fund Balance** | | | | | | |
| Accounts Payable | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total Liabilities** | - | - | - | - | - | - |
| **Fund Balances** | | | | | | |
| Restricted for: | | | | | | |
| Public Safety | - | 785 | - | - | - | 785 |
| Recreation | - | - | 137 | - | - | 137 |
| Judicial | - | - | - | 514 | 4,214 | 4,728 |
| **Total Fund Balances** | - | 785 | 137 | 514 | 4,214 | 5,650 |
| **Total Liabilities and Fund Balance** | $ - | $ 785 | $ 137 | $ 514 | $ 4,214 | $ 5,650 |

**City of Colquitt, Georgia**
**Non-Major Special Revenue Funds**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**For the Fiscal Year Ended June 30, 2012**

| Revenues | Hotel/Motel Taxes | Confiscated Assets | Recreation Department | Municipal Jail | Municipal Technology | Totals |
|---|---|---|---|---|---|---|
| Property Tax | $ - | $ - | $ 34,723 | $ - | $ - | $ 34,723 |
| Hotel / Motel Tax | 6,371 | - | - | - | - | 6,371 |
| Fines and Forfeitures | - | 2,625 | - | 8,150 | 5,110 | 15,885 |
| Investment Income | - | - | 53 | - | - | 53 |
| Miscellaneous | - | - | 14,081 | - | - | 14,081 |
| **Total Revenues** | 6,371 | 2,625 | 48,857 | 8,150 | 5,110 | 71,113 |
| **Expenditures** | | | | | | |
| Current | | | | | | |
| Housing and Development | 6,371 | - | - | - | - | 6,371 |
| Judicial | - | - | - | 8,644 | 1,146 | 9,790 |
| Public Safety | - | 2,625 | - | - | - | 2,625 |
| Culture and Recreation | - | - | 54,402 | - | - | 54,402 |
| Debt Service | | | | | | |
| Interest | - | - | 381 | - | - | 381 |
| **Total Expenditures** | 6,371 | 2,625 | 54,783 | 8,644 | 1,146 | 73,569 |
| **Excess of Revenues Over Expenditures** | - | - | (5,926) | (494) | 3,964 | (2,456) |
| **Net Change in Fund Balance** | - | - | (5,926) | (494) | 3,964 | (2,456) |
| **Fund Balance - Beginning of Year** | - | 785 | 6,063 | 1,008 | 250 | 8,106 |
| **Fund Balance - End of Year** | $ - | $ 785 | $ 137 | $ 514 | $ 4,214 | $ 5,650 |

# City of Colquitt, Georgia
# Special Revenue Fund - Hotel / Motel Tax Fund
# Budgetary Comparison Schedule (Non-GAAP)
# For the Fiscal Year Ended June 30, 2012

| Revenues | Original Budget | Final Budget | Actual | Positive (Negative) |
|---|---|---|---|---|
| Hotel / Motel Tax | $ 8,000 | $ 6,371 | $ 6,371 | $ - |
| **Total Revenues** | 8,000 | 6,371 | 6,371 | - |
| **Expenditures** | | | | |
| Housing and Development | 8,000 | 6,371 | 6,371 | - |
| **Total Expenditures** | 8,000 | 6,371 | 6,371 | - |
| **Net Change in Fund Balance** | - | - | - | - |
| **Fund Balance - Beginning of Year** | - | - | - | - |
| **Fund Balance - End of Year** | $ - | $ - | $ - | $ - |

# City of Colquitt, Georgia
# Special Revenue Fund - Confiscated Assets
# Budgetary Comparison Schedule (Non-GAAP)
# For the Fiscal Year Ended June 30, 2012

| Revenues | Original Budget | Final Budget | Actual | Positive (Negative) |
|---|---|---|---|---|
| Fines and Forfeitures | $ - | $ 2,625 | $ 2,625 | $ - |
| **Total Revenues** | - | 2,625 | 2,625 | - |
| **Expenditures** | | | | |
| Public Safety | - | 2,625 | 2,625 | - |
| **Total Expenditures** | - | 2,625 | 2,625 | - |
| **Net Change in Fund Balance** | - | - | - | - |
| **Fund Balance - Beginning of Year** | 785 | 785 | 785 | - |
| **Fund Balance - End of Year** | $ 785 | $ 785 | $ 785 | $ - |

# City of Colquitt, Georgia
# Special Revenue Fund - Recreation Department
# Budgetary Comparison Schedule (Non-GAAP)
# For the Fiscal Year Ended June 30, 2012

| Revenues | Original Budget | Final Budget | Actual | Positive (Negative) |
|---|---|---|---|---|
| Property Tax | $ 93,000 | $ 34,722 | $ 34,723 | $ 1 |
| Investment Income | - | 53 | 53 | - |
| Miscellaneous | - | 14,081 | 14,081 | - |
| **Total Revenues** | 93,000 | 48,856 | 48,857 | 1 |
| **Expenditures** | | | | |
| Culture and Recreation | 92,000 | 77,506 | 54,402 | 23,104 |
| Interest | 1,000 | 381 | 381 | - |
| **Total Expenditures** | 93,000 | 77,887 | 54,783 | 23,104 |
| **Net Change in Fund Balance** | - | (29,031) | (5,926) | 23,105 |
| **Fund Balance - Beginning of Year** | 6,063 | 6,063 | 6,063 | (23,105) |
| **Fund Balance - End of Year** | $ 6,063 | $ (22,968) | $ 137 | $ - |

# City of Colquitt, Georgia
# Special Revenue Fund - Municipal Jail
# Budgetary Comparison Schedule (Non-GAAP)
# For the Fiscal Year Ended June 30, 2012

| Revenues | Original Budget | Final Budget | Actual | Positive (Negative) |
|---|---|---|---|---|
| Fines and Forfeitures | $ - | $ 8,150 | $ 8,150 | $ - |
| **Total Revenues** | - | 8,150 | 8,150 | - |
| **Expenditures** | | | | |
| Judicial | - | 8,644 | 8,644 | - |
| **Total Expenditures** | - | 8,644 | 8,644 | - |
| **Net Change in Fund Balance** | - | (494) | (494) | - |
| **Fund Balance - Beginning of Year** | 1,008 | 1,008 | 1,008 | - |
| **Fund Balance - End of Year** | $ 1,008 | $ 514 | $ 514 | $ - |

# City of Colquitt, Georgia
# Special Revenue Fund - Municipal Technology
# Budgetary Comparison Schedule (Non-GAAP)
# For the Fiscal Year Ended June 30, 2012

| Revenues | Original Budget | Final Budget | Actual | Positive (Negative) |
|---|---|---|---|---|
| Fines and Forfeitures | $ - | $ 5,110 | $ 5,110 | $ - |
| **Total Revenues** | - | 5,110 | 5,110 | - |
| **Expenditures** | | | | |
| Judicial | - | 1,146 | 1,146 | - |
| **Total Expenditures** | - | 1,146 | 1,146 | - |
| **Net Change in Fund Balance** | - | 3,964 | 3,964 | - |
| **Fund Balance - Beginning of Year** | 250 | 250 | 250 | - |
| **Fund Balance - End of Year** | $ 250 | $ 4,214 | $ 4,214 | $ - |

**City of Colquitt, Georgia**
**Non-major SPLOST Debt Service Fund**
**Budgetary Comparison Schedule (Non GAAP)**
**For the Fiscal Year Ended June 30, 2012**

| Revenues | Original Budget | Final Budget | Actual | Positive (Negative) |
|---|---|---|---|---|
| Intergovernmental | $ - | $ - | $ - | $ - |
| **Total Revenues** | - | - | - | - |
| **Expenditures** | | | | |
| Debt Service | | | | |
| Principal | - | 60,658 | 60,658 | - |
| Interest | - | 2,343 | 2,343 | - |
| **Total Expenditures** | - | 63,001 | 63,001 | - |
| **Net Excess before Operating Transfers** | - | (63,001) | (63,001) | - |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In (Out) | - | 66,759 | 66,759 | - |
| **Total Other financing souces (uses)** | - | 66,759 | 66,759 | - |
| **Net Change in Fund Balance** | - | 3,758 | 3,758 | - |
| **Fund Balance - Beginning of Year** | - | - | - | - |
| **Fund Balance - End of Year** | $ - | $ 3,758 | $ 3,758 | $ - |

**City of Colquitt, Georgia**
**Non-Major Capital Projects Fund**
**Combining Balance Sheet**
**For the Fiscal Year Ended June 30, 2012**

| | Ref. 3 SPLOST | | | | |
|---|---|---|---|---|---|
| | Police | Fire | Public Works | Milford St DOT Capital Project | Totals |
| **Assets** | | | | | |
| Cash | $ 16,014 | $ (5,391) | $ 11,596 | $ 2,940 | $ 25,159 |
| Intergovernmental Receivable | 9,163 | 11,155 | 19,521 | - | 39,839 |
| **Total Assets** | $ 25,177 | $ 5,764 | $ 31,117 | $ 2,940 | $ 64,998 |
| **Liabilties and Fund Balance** | | | | | |
| **Liabilities** | | | | | |
| Accounts Payable | $ - | $ 885 | $ - | $ - | $ 885 |
| Short-term notes payable | - | - | - | 92,890 | 92,890 |
| **Total Liabilities** | - | 885 | - | 92,890 | 93,775 |
| **Fund Balances** | | | | | |
| Restricted for: | | | | | |
| Public Safety | 25,177 | 4,879 | - | - | 30,056 |
| Public Works | - | - | 31,117 | - | 31,117 |
| Unassigned | - | - | - | (89,950) | (89,950) |
| **Total Fund Balances** | 25,177 | 4,879 | 31,117 | (89,950) | (28,777) |
| **Total Liabilities and Fund Balance** | $ 25,177 | $ 5,764 | $ 31,117 | $ 2,940 | $ 64,998 |

# City of Colquitt, Georgia
# Non-Major Capital Projects Fund
# Combining Statement of Revenues, Expenditures and Changes in Fund Balance
# For the Fiscal Year Ended June 30, 2012

| | Ref. 3 SPLOST | | | | |
|---|---|---|---|---|---|
| **Revenues** | **Police** | **Fire** | **Public Works** | **Milford St DOT Capital Project** | **Totals** |
| Intergovernmental Revenue | $ 61,914 | $ 75,374 | $ 131,902 | $ 102,437 | $ 371,627 |
| Interest Revenue | 14 | 17 | 30 | - | 61 |
| **Total Revenues** | 61,928 | 75,391 | 131,932 | 102,437 | 371,688 |
| **Expenditures** | | | | | |
| Capital Outlay | | | | | |
| Public safety | 54,627 | 73,444 | - | - | 128,071 |
| Public works | - | - | 142,282 | 192,387 | 334,669 |
| **Total Expenditures** | 54,627 | 73,444 | 142,282 | 192,387 | 462,740 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)** | 7,301 | 1,947 | (10,350) | (89,950) | (91,052) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfer out | (4,736) | (37,415) | (24,609) | - | (66,760) |
| Proceeds from sale of capital assets | - | - | 42,500 | - | 42,500 |
| **Total Other Financing Sources (Uses)** | (4,736) | (37,415) | 17,891 | - | (24,260) |
| **Net Change in Fund Balance** | 2,565 | (35,468) | 7,541 | (89,950) | (115,312) |
| **Fund Balance - Beginning of Year** | 22,612 | 40,347 | 23,576 | - | 86,535 |
| **Fund Balance - End of Year** | $ 25,177 | $ 4,879 | $ 31,117 | $ (89,950) | $ (28,777) |

# STATE REPORTING REQUIREMENTS

# City of Colquitt, Georgia
# Schedule of Special Purpose
# Local Option Sales Tax - Ref #3
# For the Fiscal Year Ended June 30, 2012

| Projects | Original Estimated Cost | Expenditures Current Year | Expenditures Prior Year | Total Expenditures | Estimated Current Percentage of Total Completion |
|---|---|---|---|---|---|
| Colquitt-Miller County Volunteer Fire Equipment and vehicles | $ 351,000 | $ 110,859 | $ 242,225 | $ 353,084 | 100.59% |
| City of Colquitt Police Department Equipment and vehicles | 297,000 | 59,363 | 225,699 | 285,062 | 95.98% |
| Public Works Projects | 612,000 | 166,891 | 443,594 | 610,485 | 99.75% |
| Total | $ 1,260,000 | $ 337,113 | $ 911,518 | $ 1,248,631 | 99.10% |

Current year expenditures for the SPLOST Referendum #3 were recognized as follows:

| | |
|---|---|
| Police CPF (page 57) | $ 54,627 |
| Fire CPF (page 57) | 73,444 |
| Public Works CPF (page 57) | 142,282 |
| SPLOST DSF (page 55) | 66,760 |
| Total | $ 337,113 |

# City of Colquitt, Georgia
# Community Development Block Grant
# Source and Application of Funds Schedule

**Grant # 09b-x-100-2-5156**

**June 30, 2012**

| | | |
|---|---|---|
| Total Program Year 2009 funds allocated to recipient | $ | 703,378 |
| Less: Total Program Year 2009 funds drawn down by recipient | | 632,965 |
| Funds still available from Program Year 2009 Resources | $ | 70,413 |
| Total Program Year 2009 funds held at Fiscal Year-End | $ | 4,072 |
| Total Program Year 2009 funds drawn down and received by recipient | | 632,965 |
| Less: Funds applied and expended to Program Year 2009 costs | | 632,965 |
| **TOTAL PROGRAM YEAR 2009 FUNDS HELD BY RECIPIENT** | $ | - |

## City of Colquitt, Georgia
## Community Development Block Grant
## Budget to Actual Funds Schedule

**June 30, 2012**

**Grant # 09b-x-100-2-5156**

| Program Activity | Activity Number | Latest Approved Budget CDBG Funds | Current Period Expenditures | Prior Perid Expenditures | Grand Total Expenditures to Date | Questioned Costs |
|---|---|---|---|---|---|---|
| Acquisition of Property (Public) | H-001-01 | $ 150,194 | $ - | $ 146,005 | $ 146,005 | $ - |
| Clearance | H-004-00 | 45,000 | - | 38,500 | 38,500 | - |
| Contingencies | C-022-00 | 21,265 | - | - | - | - |
| Water Facilities | P-03J-01 | 28,179 | - | 28,179 | 28,179 | - |
| Sewer Facilities | P-03J-02 | 50,713 | - | 50,713 | 50,713 | - |
| Engineering - Street Improvements/ Flood & Drainage | T-03K-00 | 33,207 | - | 33,207 | 33,207 | - |
| Street Improvements | P-03K-01 | 860 | - | 860 | 860 | - |
| Flood and Drainage Facilities | P-03K-02 | 103,348 | - | 103,348 | 103,348 | - |
| Rehabilitations of Private Properties | H-14A-01 | 223,665 | 60,511 | 124,695 | 185,206 | - |
| Administration | A-21A-00 | 46,947 | 28,947 | 18,000 | 46,947 | - |
| **TOTAL** | | $ 703,378 | $ 89,458 | $ 543,507 | $ 632,965 | $ - |

# Perry L. Henry, LLC

## Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members
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Georgia Society of Certified Public Accountants

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Honorable Mayor and Members of
the City Council
City of Colquitt, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Colquitt, Georgia, City of Colquitt, Georgia as of and for the year ended June 30, 2012, and have issued our report thereon dated January 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 1998-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Colquitt, 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Colquitt, Georgia City of Colquitt, Georgia, in a separate letter dated January 15, 2013.

The City of Colquitt, GeorgiaCity of Colquitt, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Colquitt, GeorgiaCity of Colquitt, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, 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.

*Perry L. Henry, LLC*

Perry L. Henry, LLC
Bainbridge, Georgia
January 15, 2013

# City of Colquitt, Georgia
# Schedule of Findings and Questioned Costs
# June 30, 2012

**1998-1**

**Condition:**

The City does not have an adequate number of employees to segregate responsibilities in order to separate the authorization of transactions and the custody of assets from the record keeping function.

**Criteria:**

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

(1) financial reporting,
(2) effectiveness and efficiency of operations, and
(3) compliance with applicable laws and regulations.

**Cause:**

The City does not have an adequate number of employees to segregate responsibilities in order to separate the authorization of transactions and the custody of assets from the record keeping function.

**Effect:**

This condition represents a significant deficiency in the design and operation of the City's internal control structure and could possibly adversely affect the City's ability to record, process, summarize, and report financial data consistent with assertions of management in the City's financial statements.

The underlying concept of segregation of duties is to prevent a person with the ability to authorize a transaction from having the capability of obtaining unauthorized custody of some assets and, additionally, the related recording of the transaction.

The City Council compensates for this lack of segregation of duties by being conscious of the financial affairs of the City. The Council reviews all bills before they are paid and a council member is a required co-signer on all checks.

**Recommendation:**

The City Council should continually be aware of the lack of segregation of duties and the significant deficiency in the design and operation of its internal control structure. Also, the City should be aware of the risk that this condition could have an effect on the financial position of the City.

The City Council should continue to be aware of the financial affairs of the City and make a concerted effort to review the financial statements of all funds of the City each month.

**Management's Response:**

Management agrees. A corrective action plan has been issued under a separate cover.

# City of Colquitt, Georgia
# Schedule of Findings and Questioned Costs
# June 30, 2012

**2012-1**

**Condition:**

One lender on separate instances added an insurance charge to equipment loans financed by the City. On August 4, 2011 one note was increased by $ 3,758 and then on August 11, 2011 another note was increased by $ 1,272.

**Criteria:**

These are expenditures for insurance that were not properly authorized by the City and not necessary since all equipment is already covered by insurance.

**Cause:**

The bank represented that they did not receive proper documentation that the assets were properly insured however review of City documents clearly indicated proof of insurance was sent to the bank.

**Effect:**

Loan balances at the bank were overstated and the City's internal control system did not detect the error. One of the loans was actually paid off during the audit year with the insurance charges included. Those insurance charges of $ 3,758 are recorded as a receivable.

**Recommendation:**

Communicate to the lending institution that absolutely no charges (except finance charges) are to be added to any loan balance without direct authorization from the City and obtain and review loan history reports on an annual basis.

**Management's Response:**

Management agrees. A corrective action plan has been issued under a separate cover.

# City of Colquitt, Georgia
# Schedule of Findings and Questioned Costs
# June 30, 2012

**2012-2**

**Condition:**

Financial records for the Colquitt Downtown Development Authority are not being provided in a timely manner for audit. Records were requested in October 2012 with the first pieces not being provided until January 11, 2013 and some material not being made available until February 2013.

**Criteria:**

The Downtown Development Authority is now a material component unit and must be included in the City's audit document to comply with Generally Accepted Accounting Principles. To comply with state law, the City audit is to be submitted to the Georgia Department of Audits no later than six months after year end. No extension will be available for the 2013 fiscal year.

**Cause:**

It is unclear what the true cause of these delays might be as the materials requested should not take much time or effort to make available.

**Effect:**

If this problem continues for the 2013 fiscal year, the City will most likely be in violation of state law with regards to timely submitting the audit report within six months of fiscal year end.

**Recommendation:**

Procedures need to be put in place by the City to ensure audit material is provided in a timely manner. We would recommend the City take a list of material that will be needed for audit and request that information be turned over to the City. This way the City will be able to know when and if the requested information has been made available.

**Management's Response:**

Management agrees. A corrective action plan has been issued under a separate cover.