City of Colquitt, Georgia

Financial Statements

For the Fiscal Year Ended

June 30,2014

City of Colquitt, Georgia
For The Fiscal Year Ended June 30, 2014
Table of Contents

FINANCIAL SECTION	Page
Independent Auditor's Report	
Management's Discussion and Analysis	I-XI
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2-3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities	7
Statement of Net Position - Proprietary Funds	8
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10-11
Statement of Fiduciary Assets and Liabilities	12
Statement of Net Position - Component Units	13
Statement of Position - Component Units	14
Notes to the Financial Statements	15-49
Required Supplementary Information	
Major Funds:	
Budgetary Comparison Schedule - General Fund	50
Budgetary Comparison Schedule - WIA Fund	51
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	52
Note B - to Required Supplementary Information - Budget and Budgetary Accounting	53
GASB 27 Required Supplementary Information - Schedule of Funding Progress	54
Notes to Required Supplementary Information - Employee Retirement System	55

City of Colquitt, Georgia
For The Fiscal Year Ended June 30, 2014
Table of Contents

Supplementary Information

Combining and Individual Fund Statements and Schedules:

Non-Major Governmental Funds

Non-Major Governmental Funds - Combining Balance Sheet 56

Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balance 57

Non-Major Special Revenue Funds - Combining Balance Sheet 58

Non-Major Special Revenue Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balance 59

Special Revenue Fund - Hotel/Motel Tax Fund - Budgetary Comparison Schedule (Non-GAAP) 60

Special Revenue Fund - Confiscated Assets - Budgetary Comparison Schedule (Non-GAAP) 61

Special Revenue Fund - Municipal Jail - Budgetary Comparison Schedule (Non-GAAP) 62

Special Revenue Fund - Municipal Technology - Budgetary Comparison Schedule (Non-GAAP) 63

Special Revenue Fund - Drug Task Force - Budgetary Comparison Schedule (Non-GAAP) 64

Debt Service Fund - SPLOST - Budgetary Comparison Schedule (Non-GAAP) 65

Non-Major Capital Projects Funds - Combining Balance Sheet 66

Non-Major Capital Projects Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balance 67

STATE REPORTING REQUIREMENTS

Schedule of Special Purpose Local Option Sales Tax - Ref # 3 68

Schedule of Special Purpose Local Option Sales Tax - Ref # 2013-2019 69

Community Development Block Grant Source and Application of Funds Schedule
Grant #12p-x-100-2-5452 70

Community Development Block Grant - Budget to Actual Funds Schedule
Grant #12p-x-100-2-5452 71

City of Colquitt, Georgia
For The Fiscal Year Ended June 30, 2014
Table of Contents

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

FEDERAL COMPLIANCE SECTION

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	73
Report on Internal Control Over Financial Reporting Based on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	74-75
Report on Compliance With for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	76-77
Schedule of Findings and Questioned Costs	78-79
Schedule of Prior Year Findings and Questioned Costs	80-81

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Colquitt, Georgia

We have audited the accompanying financial statements of the governmental activities, the aggregate business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colquitt, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

We did not audit the financial statements of the Colquitt Downtown Development Authority, a component unit of the City of Colquitt, Georgia, which statements reflect total assets of $1,560,276 as of June 30, 2014 and total revenue of $966,684 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Colquitt Downtown Development Authority, is based on the report of the other auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the City of Colquitt, Georgia, as of June

30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress on pages I–XI and 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colquitt, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by the Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of the City of Colquitt, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Colquitt, Georgia's internal control over financial reporting and compliance.

Burke, Worsham & Harrell, LLC

Burke, Worsham & Harrell, LLC

December 15, 2014

CITY OF COLQUITT, GEORGIA

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

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, 2014. 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 position totaled $8,492,988 for its governmental and business-type activities, an increase of $757,966 over the previous fiscal year.

- Total combined revenues for governmental and business-type activities were $7,908,174.
- Overall expenses were $7,150,208, of which governmental activities were $5,276,466 and business-type activities were $1,873,742.
- As of June 30, 2014, governmental activities' expenses exceeded program revenue, resulting in the use of $762,571 in general revenues (primarily taxes).
- In the City's business-type activities, revenues were $2,184,321 and expenses were $1,724,683, for an operating profit of approximately $459,638 for 2014.
- The General Fund resources available for appropriation were $203,305 more than budgeted and expenditures were $695,186 less than budgeted. Other financing sources (uses) were $803,040 less than budgeted.
- The combined governmental funds' balance as of June 30, 2014 was $(284,287) of which the General Fund comprised $(304,371) and other governmental funds comprised $20,084.
- The General Fund reported an increase of $41,536 in unassigned fund balance to $(306,871) from the prior fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The Statement of Activities presents information showing how the City's net position 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 Position 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 Position 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 position and changes in them. You can think of the City's net position—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 position 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 Position 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 Position 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 Position 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 POSITION:

The City's combined net position increased $757,966 from a year ago—from $7,735,022 to $8,492,988. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position
(000's Omitted)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
Assets:	2013	2014	2013	2014	2013	2014	2013-2014
Current assets	$ 1,739	$ 1,690	$ 880	$ 873	$ 2,619	$ 2,563	-2.1%
Capital assets- net	3,110	3,235	10,801	10,871	13,911	14,106	1.4%
Total assets	**4,849**	**4,925**	**11,681**	**11,744**	**16,530**	**16,669**	**0.8%**
Liabilities:							
Long-term debt outstanding	437	362	5,384	5,153	5,821	5,515	-5.3%
Other liabilities	2,131	2,036	844	625	2,975	2,661	-10.6%
Total liabilities	**2,568**	**2,398**	**6,228**	**5,778**	**8,796**	**8,176**	**-7.0%**
Net position:							
Net investment in capital assets	2,674	2,873	4,889	5,273	7,563	8,146	7.7%
Restricted	43	100	-	-	43	100	132.6%
Unrestricted (deficit)	(435)	(446)	564	693	129	247	91.5%
Total net position	**$ 2,282**	**$ 2,527**	**$ 5,453**	**$ 5,966**	**$ 7,735**	**$ 8,493**	**9.8%**

The City's total net position (governmental and business-type activities) was $8,492,988 as of June 30, 2014. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements – were $285,552 at the end of this year.

The largest portion of the City's net position (approximately 96%) reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks). 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 position of our business-type activities increased by 9 percent to $5,965,832 compared to $5,453,261 in 2013. Our business-type activities showed a net operating profit of $459,638 and had no investment income.

The City reports positive net position 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 POSITION:

The City's total change in net position was $757,966 from the prior fiscal year from an increase of $245,395 as a result of its governmental activities and an increase of $512,571 as a result of its business-type activities.

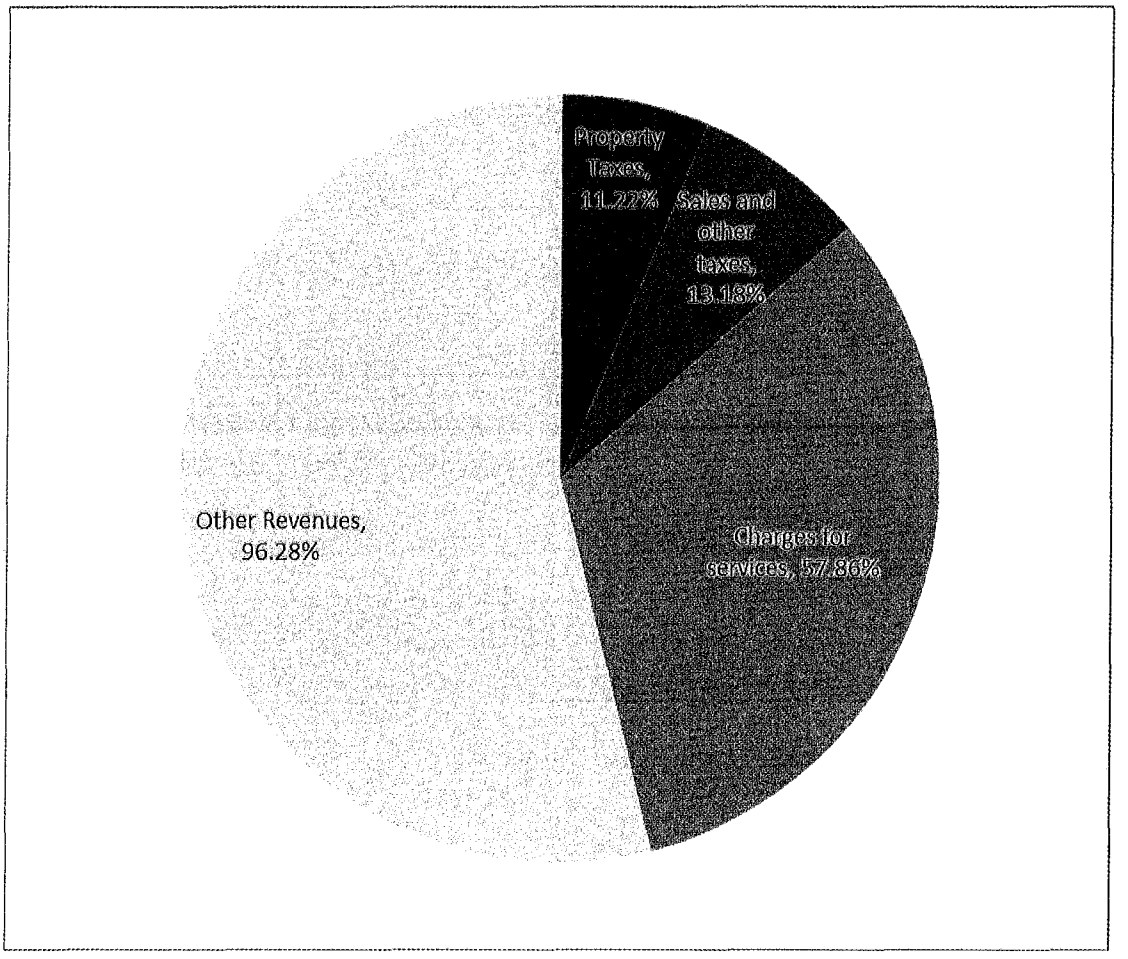
Table 2
Changes in Net Position
(000's Omitted)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total % Change
	2013	2014	2013	2014	2013	2014	2013-2014
Revenues							
Program revenues:							
Charges for services	$ 330	$ 378	$ 1,973	$ 2,185	$ 2,303	$ 2,563	11.3%
Operating grants	2,085	3,412	93	114	2,178	3,526	61.9%
Capital grants	838	724	150	8	988	732	-25.9%
General revenues:							
Property taxes	438	497	-	-	438	497	13.5%
Other taxes	617	584	-	-	617	584	-5.3%
Investment earnings	7	7	-	-	7	7	0.0%
Other revenues	67	50	-	-	67	50	-25.4%
Total general / program revenues	**4,382**	**5,652**	**2,216**	**2,307**	**6,598**	**7,959**	**20.6%**
Program Expense							
General government	523	579	-	-	523	579	10.7%
Judicial	27	27	-	-	27	27	0.0%
Public safety	1,355	1,289	-	-	1,355	1,289	-4.9%
Public works	307	345	1,497	1,403	1,804	1,748	-3.1%
Health and welfare	2,031	3,020	-	-	2,031	3,020	0.0%
Culture and recreation	-	-	497	471	497	471	-5.2%
Housing and development	7	7	-	-	7	7	0.0%
Interest and fiscal charges	7	10	-	-	7	10	42.9%
Total program expenses	**4,257**	**5,277**	**1,994**	**1,874**	**6,251**	**7,151**	**14.4%**
Changes in net position before special and extraordinary items and transfers	125	375	222	433	347	808	132.9%
Special item – sale of capital assets	56	(11)	4	(39)	60	(50)	-183.3%
Transfers	(33)	(119)	33	119	-	-	100.0%
before special	**$ 148**	**$ 245**	**$ 259**	**$ 513**	**$ 407**	**$ 758**	**86.2%**

Depreciation expenses of $514,772 were allocated to the above functions. $218,816 was allocated to the function of governmental activities and $295,956 was allocated to the function of business-type activities.

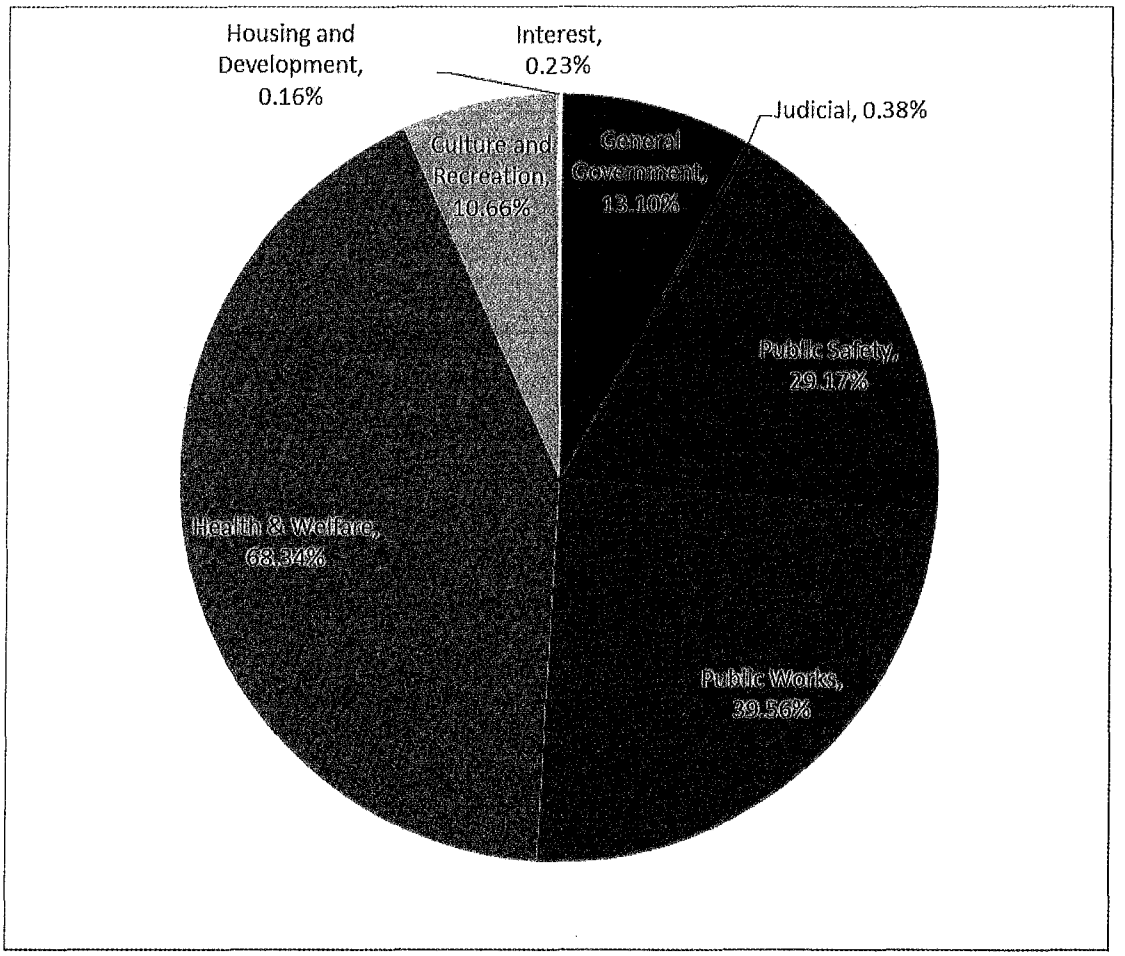
As can be seen from the chart following, approximately 11.22% of the City's combined total revenue is provided by property taxes, 57.86% by fees, fines, charges for services, an additional 13.18% by sales and other taxes and the remaining 96.28% by a combination of grants, investment income and other 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 2014



The City's major expenses, at 39.56% 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 2014



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 2014 fiscal year with a balance of $(284,287) 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 $93,373 restricted for public safety, $3,954 restricted for public works, $137 restricted for recreation, and $5,822 restricted for judicial purposes. Unassigned fund balance is made up of $(306,871) in the General Fund and $(83,202) 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 $304,371. 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 increased approximately $41,536 during FY 2014, primarily due to revenues exceeding expenditures. Additional information about the General Fund can be found on pages 4, 6, and 50.

WIA Special Revenue Fund

The City of Colquitt serves as the fiscal agent for the Workforce Investment Act Board. The WIA Special Revenue Fund accounts for the receipts and disbursements related to this program.

At the end of the current year, fund balance in the WIA Special Revenue Fund was $0.

Other Governmental Funds:

Combined assets were $113,855, with current liabilities of $93,771 and fund balance of $93,373 restricted for public safety, $3,954 restricted for public works, $137 restricted for recreation, $5,822 restricted for judicial purposes, and unassigned fund balance of $(83,202) for the year ended June 30, 2014. 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 $48,891 in assets, $93,771 in liabilities, restricted fund balances of $38,322, and unassigned fund balance of $(83,202). 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
- SPLOST 2013-2019 Police Capital Projects Fund
- SPLOST 2013-2019 Fire Capital Projects Fund
- SPLOST 2013-2019 Public Works Capital Projects Fund
- SPLOST 2013-2019 Public Service Buildings Capital Projects Fund
- CDBG Sewer Project Capital Projects Fund
- Milford St. DOT Capital Project Fund

Details of these funds are on pages 56 through 67.

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 $459,638 for the year ended June 30, 2014. 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 surplus of revenues over expenditures of $2,701 and a deficiency of revenues over expenditures of $606,602, respectively. Actual revenue exceeded expenditures in the amount of $175,104. The City's General Fund budget was amended during the fiscal year.

Actual revenues were $203,305 more than budgeted; actual expenditures were $695,186 less than budgeted resulting in a $898,491 positive 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, 2014 amounts to $14,106,013, net of accumulated depreciation of $(5,897,694). 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 $124,967 for governmental activities and increased $69,258 for business-type activities. Depreciation expense for the period was $514,772. 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, 2014, the City of Colquitt had $5,515,108 in outstanding long-term debt principal, of which $441,164 is due within one year. Outstanding debt decreased by $325,673 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	$ 362	$ 5,153	$ 5,515
	$ 362	$ 5,153	$ 5,515

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 2014 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 Position
June 30, 2014

ASSETS	Governmental Activities	Business-Type Activities	Total	Component Unit
Cash on hand and in banks	$ 83,447	$ 826,454	$ 909,901	$ 351,256
Receivables (net, where applicable, of allowances for uncollectible):				
Taxes	304,071	-	304,071	-
Accounts	-	121,661	121,661	948
Accrued interest	-	1,883	1,883	-
Other	1,053,758	-	1,053,758	83,810
Due from other governments	101,758	-	101,758	-
Inventory, at cost	2,500	17,523	20,023	-
Restricted assets	184,323	81,373	265,696	-
Land and construction in progress	900,795	639,249	1,540,044	-
Other capital assets, net of depreciation	2,334,580	10,231,389	12,565,969	1,550,554
Total Assets	4,965,232	11,919,532	16,884,764	1,986,568
LIABILITIES				
Accounts payable	263,658	32,431	296,089	102,985
Bank Overdraft	40,410	175,422	215,832	-
Accrued liabilities	-	86,704	86,704	6,530
Due to other governments	42,085	-	42,085	-
Unearned revenue	22,672	-	22,672	4,500
Short-term notes payable	1,617,262	444,675	2,061,937	233,176
Long-term liabilities:				
Compensated absences payable	89,960	61,389	151,349	-
Portion due and payable within one year:				
Notes and capital leases	75,030	366,134	441,164	-
Portion due and payable after one year:				
Notes and capital leases	286,999	4,786,945	5,073,944	-
Total Liabilities	2,438,076	5,953,700	8,391,776	347,191
NET POSITION				
Net investment in capital assets	2,873,346	5,272,884	8,146,230	1,550,554
Restricted for:				
Capital projects	38,322	-	38,322	-
Special Revenue Fund	61,206	-	61,206	-
Other purposes	-	-	-	137,036
Unrestricted	(445,718)	692,948	247,230	(48,213)
Total net position	$ 2,527,156	$ 5,965,832	$ 8,492,988	$ 1,639,377

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, 2014

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 Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Governmental:								
General Government	$ 579,209	$ 241,391	$ -	$ 324,657	$ (13,161)		$ (13,161)	
Judicial	26,813	13,140	-	-	(13,673)		(13,673)	
Public Safety	1,288,738	123,291	111,825	282,030	(771,592)		(771,592)	
Public Works	344,874	-	-	117,251	(227,623)		(227,623)	
Health & Welfare	3,020,276	-	3,300,310	-	280,034		280,034	
Housing and Development	6,543	-	-	-	(6,543)		(6,543)	
Interest on Long-Term Debt	10,013	-	-	-	(10,013)		(10,013)	
Total governmental activities	5,276,466	377,822	3,412,135	723,938	(762,571)		(762,571)	
Business-type:								
Water and Sewer	825,350	844,288	-	-	-	$ 18,938	18,938	
Gas	266,921	642,655	-	-	-	375,734	375,734	
Environmental Services	310,936	367,974	-	-	-	57,038	57,038	
Golf Course	470,535	328,966	114,242	8,409	-	(18,918)	(18,918)	
Total business-type activities	1,873,742	2,183,883	114,242	8,409	-	432,792	432,792	
Total primary government	$ 7,150,208	$ 2,561,705	$ 3,526,377	$ 732,347	(762,571)	432,792	(329,779)	
Component units:								
Pataula Judicial Circuit Regional Drug Task Force	$ 222,650	$ 15,779	$ 184,701	$ -				$ (22,170)
City of Colquitt Downtown Development Authority	778,124	507,951	250,512	208,221				188,560
Total component units	$ 1,000,774	$ 523,730	$ 435,213	$ 208,221				166,390

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, 2014

	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Changes in Net position:				
Net (expenses) revenue (Page 2)	(762,571)	432,792	(329,779)	166,390
General revenues:				
Taxes				
Property taxes, levied for general purposes	496,842	-	496,842	-
Sales and use taxes	191,108	-	191,108	-
Alcoholic beverages taxes	61,273	-	61,273	-
Business taxes	148,171	-	148,171	-
Franchise taxes	173,784	-	173,784	-
Other taxes, penalties and interest	10,315	-	10,315	-
Investment Earnings	6,616	-	6,616	284
Miscellaneous	49,963	439	50,402	(3,414)
Special item - Sale of capital assets - Gain(Loss)	(11,475)	(39,291)	(50,766)	-
Transfers	(118,631)	118,631	-	-
Total general revenues and special items	1,007,966	79,779	1,087,745	(3,130)
Change in net position	245,395	512,571	757,966	163,260
Net position - Beginning of Year	2,281,761	5,453,261	7,735,022	1,476,117
Net position - End of Year	$ 2,527,156	$ 5,965,832	$ 8,492,988	$ 1,639,377

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

City of Colquitt, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	General	WIA Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash	$ -	$ -	$ 83,447	$ 83,447
Receivables (net, where applicable, of allowances for uncollectible)				
Tax, penalties and liens	41,989	-	-	41,989
Notes receivable	1,050,000	-	3,758	1,053,758
Due from other governments	33,022	262,083	26,650	321,755
Inventory at cost	2,500	-	-	2,500
Restricted assets	184,323	-	-	184,323
Total Assets	$ 1,311,834	$ 262,083	$ 113,855	$ 1,687,772
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	$ 32,831	186,500	$ 9,445	$ 228,776
Salaries Payable	-	34,881	-	34,881
Unearned Revenue	-	22,672	-	22,672
Bank overdraft	22,380	18,030	-	40,410
Short-term notes payable	1,532,936	-	84,326	1,617,262
Total Liabilities	1,588,147	262,083	93,771	1,944,001
Deferred Inflows of Resources				
Unavailable Revenues-Property Taxes	28,057	-	-	28,057
Total Deferred Inflows of Resources	28,057	-	-	28,057
Fund Balances:				
Nonspendable:				
Inventories	2,500	-	-	2,500
Restricted for:				
Public Safety	-	-	93,373	93,373
Public Works	-	-	3,954	3,954
Recreation	-	-	137	137
Judicial	-	-	5,822	5,822
Unassigned	(306,870)	-	(83,202)	(390,072)
Total Fund Balances	(304,370)	-	20,084	(284,286)
Total Liabilities, deferred inflows of resources and fund balances	$ 1,311,834	$ 262,083	$ 113,855	$ 1,687,772

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 Position
June 30, 2014

Total *fund* balances for governmental funds		$ (284,286)
Total *net position* reported for governmental activities in the Statement of Net Position 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	900,794	
Other capital assets	4,449,508	
Total capital assets	5,350,302	
Accumulated depreciation	(2,114,927)	
Total Assets - net	3,235,375	3,235,375
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.		28,057
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.		(451,990)
Total net position of governmental activities		$ 2,527,156

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, 2014

	General	WIA Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 1,047,168	$ -	$ 6,543	$ 1,053,711
Licenses and permits	31,572	-	-	31,572
Fines & forfeitures	118,967	-	16,822	135,789
Intergovernmental	420,521	3,300,310	762,162	4,482,993
Charges for services	135,960	-	600	136,560
Investment income	6,616	-	2	6,618
Private donations	46,213	-	-	46,213
Miscellaneous	18,391	-	-	18,391
Total Revenues	1,825,408	3,300,310	786,129	5,911,847
Expenditures				
Current				
General government	451,256	-	-	451,256
Judicial	14,162	-	12,654	26,816
Public safety	860,632	-	270,017	1,130,649
Public works	138,415	-	-	138,415
Health and Welfare	-	3,298,310	-	3,298,310
Housing and development	23,997	-	6,543	30,540
Capital Outlay				
General government	10,859		-	10,859
Public safety	13,449	-	74,004	87,453
Public works	40,224	-	407,491	447,715
Housing and development	-	-	-	-
Health and Welfare	-	2,000	-	2,000
Debt Service				
Principal	46,944	-	44,327	91,271
Interest	67,149	-	10,012	77,161
Total Expenditures	1,667,087	3,300,310	825,048	5,792,445
Excess (Deficiency) of Revenues over Expenditures	158,321	-	(38,919)	119,402
Other Financing Sources (Uses)				
Transfers in	6,566	-	121,980	128,546
Transfers (out)	(150,155)	-	(97,022)	(247,177)
Sale of capital assets	10,105	-	-	10,105
Proceeds from loans	16,700	-	-	16,700
Total Other Financing Sources (Uses)	(116,784)	-	24,958	(91,826)
Net Changes in Fund Balance	41,537	-	(13,961)	27,576
Fund Balance - Beginning of Year	(345,907)	-	34,045	(311,862)
Fund Balance - End of Year	$ (304,370)	$ -	$ 20,084	$ (284,286)

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, 2014

Net change in fund balances - total governmental funds	$ 27,576
The change in net position 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.	146,547
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.	(21,580)
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 Position, the debt is reported as a liability.	(16,700)
Note payments are reported as expenditures in the governmental funds, but reduces the liability in the Statement of Net Position.	91,271
Change in compensated absences	(2,761)
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.	21,042
Change in net position of governmental activities	$ 245,395

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

City of Colquitt, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Water & Sewer	Gas Revenue	Environmental Services	Golf Course	Total
Assets					
Current assets:					
Cash	$ 516,695	$ -	$ 274,327	$ 35,432	$ 826,454
Accounts receivable (net)	76,025	16,562	30,710	247	123,544
Inventory at cost	8,000	9,523	-	-	17,523
Restricted assets:					
Cash	75,823	5,550	-	-	81,373
Non-current assets:					
Property, plant & equipment (net of accumulated depreciation)	9,547,276	588,593	325,005	409,764	10,870,638
Total Assets	10,223,819	620,228	630,042	445,443	11,919,532
Liabilities					
Current Liabilities:					
Accounts payable	9,461	6,931	8,706	7,333	32,431
Bank Overdraft	-	175,422	-	-	175,422
Compensated absences payable	27,575	7,571	11,671	14,571	61,388
Accrued interest payable	9,107	-	-	-	9,107
Notes and capital leases-Short-term	311,628	-	-	133,047	444,675
Notes and capital leases-Current Portion	305,056	2,339	42,095	6,636	356,126
Total current liabilities	662,827	192,263	62,472	161,587	1,079,149
Current liabilities payable from restricted assets:					
Deposits	72,478	5,120	-	-	77,598
Total current liabilities payable from restricted resources	72,478	5,120	-	-	77,598
Non-current liabilities:					
Notes and capital leases-Long-term Portion	4,603,941	7,197	165,375	20,440	4,796,953
Total non-current liabilities	4,603,941	7,197	165,375	20,440	4,796,953
Total Liabilities	5,339,246	204,580	227,847	182,027	5,953,700
Net Position					
Net investment in capital assets	4,326,651	579,057	117,535	249,641	5,272,884
Unrestricted	557,922	(163,409)	284,660	13,775	692,948
Total Net Position	$ 4,884,573	$ 415,648	$ 402,195	$ 263,416	$ 5,965,832

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

City of Colquitt, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Gas Revenue	Environmental Services	Golf Course	Total
Operating Revenues					
Charges for services	$ 844,288	$ 642,655	$ 368,412	$ 328,966	$ 2,184,321
Total Operating Revenues	844,288	642,655	368,412	328,966	2,184,321
Operating Expenses					
Salaries and benefits	242,164	92,504	152,628	232,461	719,757
Services and supplies	248,203	157,242	101,941	201,584	708,970
Depreciation	207,125	17,174	51,822	19,833	295,954
Total Operating Expenses	697,492	266,920	306,391	453,878	1,724,681
Operating Income (Loss)	146,796	375,735	62,021	(124,912)	459,640
Non-Operating Revenues (Expenses)					
Intergovernmental payments	-	-	-	-	-
Interest and fiscal charges	(127,858)	-	(4,543)	(16,656)	(149,057)
Gain (Loss) on sale of capital assets	-	-	(39,291)	-	(39,291)
Total Non-Operating Revenues (Expenses)	(127,858)	-	(43,834)	(16,656)	(188,348)
Income (Loss) before capital contributions	18,938	375,735	18,187	(141,568)	271,292
Capital contributions	-	-	-	122,651	122,651
Income (loss) before transfers	18,938	375,735	18,187	(18,917)	393,943
Transfers In	18,046	2,281	10,776	89,379	120,482
Transfers (Out)	-	-	-	(1,852)	(1,852)
Net Transfers In (Out)	18,046	2,281	10,776	87,527	118,630
Change in Net Position	36,984	378,016	28,963	68,610	512,573
Net Position - Beginning of Year	4,847,589	37,632	373,232	194,806	5,453,259
Net Position - End of Year	$ 4,884,573	$ 415,648	$ 402,195	$ 263,416	$ 5,965,832

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, 2014

	Water & Sewer	Gas Revenue	Enviromental Services	Golf Course	Totals
Cash Flows From Operating Activities					
Cash received from customers	$ 851,387	$ 642,199	$ 369,872	$ 328,966	$ 2,192,424
Cash payments to suppliers for goods and services	(248,761)	(302,901)	(104,977)	(201,267)	(857,906)
Cash payments to employees for services	(239,642)	(92,398)	(148,712)	(231,198)	(711,950)
Net Cash Provided by Operating Activities	362,984	246,900	116,183	(103,499)	622,568
Cash Flows From (used for) Noncapital Financing Activities					
Transfers in from other funds	18,046	2,281	10,776	89,379	120,482
Transfers out to other funds	-	-	-	(1,852)	(1,852)
Net Cash Provided by Noncapital Financing Activities	18,046	2,281	10,776	87,527	118,630
Cash Flows From (Used for) Capital and Related Financing Activities					
Contributed capital	-	-	-	122,651	122,651
Acquisition of capital assets	(7,400)	(252,209)	(173,000)	(31,999)	(464,608)
Proceeds from sale of capital assets	-	-	60,102	-	60,102
Proceeds from short-term debt agreements	319,466	-	89,366	35,902	444,734
Proceeds from long-term debt agreements	-	-	199,170	-	199,170
Principal payments short-term debt agreements	(356,315)	-	(98,898)	(52,855)	(508,068)
Principal payments long-term note & agreements	(297,673)	(2,281)	(143,865)	(6,452)	(450,271)
Interest paid on notes & capital leases	(127,858)	-	(4,543)	(16,656)	(149,057)
Net Cash Used for Capital and Related Financing Activities	(469,780)	(254,490)	(71,668)	50,591	(745,347)
Net Increase (Decrease) in Cash and Cash Equivalents	(88,750)	(5,309)	55,291	34,619	(4,149)
Cash and Cash Equivalents - Beginning of Year	681,268	(164,563)	219,036	813	736,554
Cash and Cash Equivalents - End of Year	$ 592,518	$ (169,872)	$ 274,327	$ 35,432	$ 732,405
Displayed as:					
Cash on hand and in banks	$ 516,695	$ -	$ 274,327	$ 35,432	$ 826,454
Less bank overdrafts	-	(175,422)	-	-	(175,422)
Total cash on hand and in banks	516,695	(175,422)	274,327	35,432	651,032
Restricted asets:					
Cash and investments at cost	75,823	5,550	-	-	81,373
Totals	$ 592,518	$ (169,872)	$ 274,327	$ 35,432	$ 732,405

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, 2014

	Water & Sewer	Gas Revenue	Environmental Services	Golf Course	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	$ 146,796	$ 375,735	$ 62,021	$ (124,912)	$ 459,640
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	207,125	17,174	51,822	19,833	295,954
Change in assets and liabilities:					
Decrease (Increase) in accounts receivable	7,099	(456)	1,460	-	8,103
Increase (Decrease) in payables	(42)	(145,124)	2,877	317	(141,972)
Increase (Decrease) in due to other funds	-	-	(5,913)	-	(5,913)
Increase (Decrease) in compensated absences	2,522	106	3,916	1,263	7,807
Increase (Decrease) in other current liabilities	(516)	(535)	-	-	(1,051)
Total Adjustments	216,188	(128,835)	54,162	21,413	162,928
Net Cash Provided by Operating Activities	$ 362,984	$ 246,900	$ 116,183	$ (103,499)	$ 622,568

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, 2014

	Agency Fund-Municipal Court Fund
Assets	
Cash	$ 10,906
Total Assets	$ 10,906
Liabilities	
Due to others	$ 10,906
Total Liabilities	$ 10,906

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

City of Colquitt, Georgia
Statement of Net Position
Component Units
June 30, 2014

	Pataula Judicial Circuit Regional Drug Task Force	City of Colquitt Downtown Development Authority	Totals
Assets			
Cash	$ 317,095	$ 34,161	$ 351,256
Accounts receivable - less allowance for uncollectible	-	948	948
Other receivables	42,204	41,606	83,810
Total current assets	359,299	76,715	436,014
Property, plant and equipment, net	66,993	1,483,561	1,550,554
Total assets	$ 426,292	$ 1,560,276	$ 1,986,568
Current liabilities:			
Accounts payable, trade	$ 6,111	$ 96,874	$ 102,985
Accrued liabilities	-	6,530	6,530
Unearned revneue	-	4,500	4,500
Short-term notes payable	-	233,176	233,176
Total current liabilities	6,111	341,080	347,191
Total liabilities	6,111	341,080	347,191
Net position:			
Net investment in capital assets	66,993	1,483,561	1,550,554
Restricted	137,036	-	137,036
Unrestricted	216,152	(264,365)	(48,213)
Total net position	420,181	1,219,196	1,639,377
Total liabilities and net position	$ 426,292	$ 1,560,276	$ 1,986,568

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, 2014

Activities:	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 Position: Drug Task Force	Net (Expenses) Revenues and Changes in Net Position: Development Authority	Total
Component units:							
Pataula Judicial Circuit Regional Drug Task Force	$ 222,650	$ 15,779	$ 184,701	$ -	$ (22,170)	$ -	$ (22,170)
City of Colquitt Downtown Development Authority	778,124	507,951	250,512	208,221	-	188,560	188,560
Total component units	$ 1,000,774	$ 523,730	$ 435,213	$ -	(22,170)	188,560	166,390
General Revenues:							
Investment					281	3	284
Special item - sale of capital asset - gain (loss)					(4,611)	1,197	(3,414)
Total General Revenues					(4,330)	1,200	(3,130)
Change in Net Position					(26,500)	189,760	163,260
Net position - beginning					446,681	1,029,436	1,476,117
Net position - ending					$ 420,181	$ 1,219,196	$ 1,639,377

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 Arlington, Colquitt, Donalsonville, Edison, and Fort Gaines 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 Position. 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 Position. 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 Position 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.

WIA Special Revenue Fund - This fund accounts for the receipt of federal grant money for the Workforce Investment Act grant revenues and expenditures.

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 is both restricted and unrestricted net position 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, 2014.

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 position.
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 August 15, 2013 and it was amended on June 10, 2014.

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, 2014, 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 position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based 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 Position – Net position represents the difference between assets and liabilities. Net position – net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

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

N. Deferred Inflows of Resources

During the year ended June 30, 2014 the City implemented GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB 65, Items Previously Reported as Assets and Liabilities. As a result of these standards, certain items previously reported as assets and liabilities are now reported as deferred outflows and deferred inflows of resources.

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes of $28,057 is listed as unavailable and is deferred to be recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – PROPERTY TAX CALENDAR

For 2014 taxes, the following property tax calendar applies:

Assessment date:	December 23, 2013
Collection dates:	December 23, 2013 to February 23, 2014
Lien date:	May 24, 2014

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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 254,338	$ -	$ (21,580)	$ 232,758
Land under roads	164,839	-	-	164,839
Construction in progress	210,189	293,009	-	503,198
Total capital assets not being depreciated	629,366	293,009	(21,580)	900,795
Capital assets being depreciated:				
Automobiles	1,452,315	28,856	(37,521)	1,443,650
Buildings	612,167	13,560	-	625,727
Infrastructure	1,376,260	-	-	1,376,260
Computer systems	50,288	-	-	50,288
Machinery & equipment	914,961	38,621	-	953,582
Total capital assets being depreciated	4,405,991	81,037	(37,521)	4,449,507
Less accumulated depreciation for:				
Automobiles	(875,865)	(93,132)	28,838	(940,159)
Buildings	(239,348)	(16,388)	-	(255,736)
Infrastructure	(233,758)	(60,671)	-	(294,429)
Computer systems	(50,288)	-	-	(50,288)
Machinery & equipment	(525,690)	(48,625)	-	(574,315)
Total Accumulated Depreciation	(1,924,949)	(218,816)	28,838	(2,114,927)
Capital assets being depreciated, net	2,481,042	(137,779)	(8,683)	2,334,580
Capital Assets, net	$ 3,110,408	$ 155,230	$ (30,263)	$ 3,235,375

Depreciation expense was changed to the governmental functions as follows:

General Government	$ 50,195
Public Safety	92,494
Public Works	76,127
Total governmental depreciation expense:	$ 218,816

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 218,925	$ -	$ -	$ 218,925
Construction in Progress	2,691,362	-	(2,271,036)	420,326
Total capital assets not being depreciated	2,910,287	-	(2,271,036)	639,251
Capital Assets being depreciated:				
Buildings	375,927	-	-	375,927
Structures & Improvements	10,214,938	2,530,643	-	12,745,581
Machinery & Equipment	684,358	205,000	(167,989)	721,369
Automobile Equipment	170,641	-	-	170,641
Computer Systems	636	-	-	636
Total capital assets being depreciated:	11,446,500	2,735,643	(167,989)	14,014,154
Less accumulated depreciation for:				
Buildings	(124,019)	(11,270)	-	(135,289)
Structures & Improvements	(2,969,437)	(212,206)	-	(3,181,643)
Machinery & Equipment	(352,824)	(60,087)	68,596	(344,315)
Automobile Equipment	(108,490)	(12,393)	-	(120,883)
Computer systems	(637)	-	-	(637)
Total accumulated depreciation	(3,555,407)	(295,956)	68,596	(3,782,767)
Capital Assets being depreciated, net	7,891,093	2,439,687	(99,393)	10,231,387
Capital Assets, net	$ 10,801,380	$ 2,439,687	$ (2,370,429)	$ 10,870,638

The amortization expense for all assets acquired through capital lease is included in the current period depreciation expenses and accumulated depreciation.

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NOTE 4 – LONG-TERM OBLIGATIONS

On October 9, 2012, the City entered into a capital lease agreement with BancorpSouth Equipment Finance in the amount of $41,342 for the purchase of a Caterpillar 303.5 Excavator w/2 Buckets. The City is obligated, beginning December 19, 2012, to make 60 monthly payments of $375. The interest rate on this note is 2.24%. The balance on this capital lease at June 30, 2014 was $35,589.

On October 9, 2012, the City entered into a capital lease agreement with BancorpSouth Equipment Finance in the amount of $68,500 for the purchase of a Caterpillar 430E. The City is obligated, beginning December 19, 2012, to make 60 monthly payments of $264. The interest rate on this note is 2.24%. The balance on this capital lease at June 30, 2014 was $65,876.

On February 11, 2014, the City entered into a capital lease agreement with BancorpSouth Equipment Finance in the amount of $173,000 for the purchase of a Garbage Truck. The City is obligated, beginning March 6, 2014, to make 60 monthly payments of $2,642. The interest rate on this note is 2.34%. The balance on this capital lease at June 30, 2014 was $166,073.

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, 2014 was $0. A short term note was issued with Peoples South Bank to pay this note off.

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, 2014 was $0. A short term note was issued with Peoples South Bank to pay this note off.

On May 11, 2013, the City became indebted to Farm Bureau Bank in the amount of $16,700 for the purchase of a 2008 Expedition. The City is obligated, beginning May 11, 2013, to make 36 monthly payments of $496. The interest rate on this note is 3.88%. The balance on this capital lease at June 30, 2014 was $10,526.

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 $637. The interest rate on this note is 3.75%. The balance due on this note at June 30, 2014 was $0. A short term note was issued with Peoples South Bank to pay this note off.

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, 2014 was $84,488.

On June 11, 2013, the City became indebted to Peoples South Bank in the amount of $122,915 for the purchase of (4) Ford Fusions and (1) Ford Taurus. The City is obligated, beginning July 11, 2013,

to make 48 monthly payments of $2,715. The interest rate on this note is 2.85%. The balance on this note at June 30, 2014 was $93,305.

On May 23, 2013, the City became indebted to Peoples South Bank in the amount of $103,020 for the purchase of (2) Mowers, Tractor and a 2008 F150. The City is obligated, beginning June 23, 2013, to make 60 monthly payments of $1,846. The interest rate on this note is 2.85%. The balance on this note at June 30, 2014 was $81,855.

On May 23, 2013, the City became indebted to Peoples South Bank in the amount of $42,665 for the purchase of a Mower and Tractor. The City is obligated, beginning June 23, 2013, to make 60 monthly payments of $764. The interest rate on this note is 2.85%. The balance on this note at June 30, 2014 was $33,925.

On June 11, 2013, the City became indebted to Peoples South Bank in the amount of $29,450 for the purchase of a 2013 Ford Expedition. The City is obligated, beginning July 11, 2013, to make 48 monthly payments of $650. The interest rate on this note is 2.85%. The balance on this note at June 30, 2014 was $22,400.

On May 6, 2014, the City refinanced short term debt with Peoples South Bank in the amount of $26,170 to pay off two BB&T capital leases. The City is obligated, beginning May 30, 2014, to make 22 monthly payments of $1,200. The interest rate on this note is 2.85%. The balance on this note at June 30, 2014 was $20,914.

On October 31, 2012, the City entered into a refinancing agreement with Peoples South Bank to borrow $30,015 which was the balance of a short-term note that was used 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 November 1, 2015. The City made principal payments totaling $9,532 during the fiscal year leaving a balance of $20,483.

On June 9, 2011, the City became indebted to United States Department of Agriculture in the amount of $24,274 along with a grant for $50,000 for the purchase of (2) Police Cars. The City is obligated, beginning June 11, 2013, to make 5 annual payments of $5,511. The interest rate on this note is 4.375%. The balance on this note at June 30, 2014 was $15,181.

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 $376,160.

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, 2014 was $2,590,087.

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 2012. Monthly payments of $2,322 are due for 240 months beginning May 2012. The balance on this note at June 30, 2014 was $384,436.

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 $910,139.

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. Principal on this note

shall be payable in 240 consecutive monthly installments of $2,671. This note was placed into repayment in May 2013 and as of fiscal year-end the balance was $603,672.

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	July 1, 2013	Increases	Decreases	June 30, 2014	Due within One Year
Governmental activities:					
Capital Leases	$ 106,790	$ -	$ (5,325)	$ 101,465	$ 5,445
Notes Payable	329,810	16,700	(85,946)	260,564	69,585
Compensated absences payable	87,199	132,212	(129,451)	89,960	-
Sub-total-Governmental activities	523,799	148,912	(220,722)	451,989	75,030
Business-type activities:					
Water and Sewer Fund					
Notes Payable	55,149	-	(10,646)	44,503	10,916
GEFA Notes Payable In Repayment	5,151,522	-	(287,028)	4,864,494	294,140
Compensated absences payable	25,053	15,850	(13,328)	27,575	-
Sub-totals-Water & Sewer Fund	5,231,724	15,850	(311,002)	4,936,572	305,056
Gas Revenue Fund					
Notes Payable	11,817	-	(2,281)	9,536	2,339
Compensated absences payable	7,465	5,845	(5,739)	7,571	-
Sub-total-Gas Revenue Fund	19,282	5,845	(8,020)	17,107	2,339
Environmental Services Fund					
Capital Leases	131,682	173,000	(138,609)	166,073	28,117
Notes Payable	-	56,185	(14,788)	41,397	23,986
Compensated absences payable	7,757	11,796	(7,880)	11,673	-
Sub-total-Environmental Services Fund	139,439	240,981	(161,277)	219,143	52,103
Golf Course Fund					
Notes Payable	33,528	-	(6,452)	27,076	6,636
Compensated absences payable	13,308	9,965	(8,702)	14,571	-
Sub-total-Golf Course Fund	46,836	9,965	(15,154)	41,647	6,636
Sub-total-Business-type activities	5,437,281	272,641	(495,453)	5,214,469	366,134
Total all long-term debt	$ 5,961,080	$ 421,553	$ (716,175)	$ 5,666,458	$ 441,164

Debt service requirements on long-term debt at June 30, 2014 are as follows:

Governmental Activities
Notes Payable

Year Ending June 30	Principal	Interest	Totals
2015	$ 69,585	$ 7,596	$ 77,181
2016	70,866	5,324	76,190
2017	67,772	3,461	71,233
2018	22,968	1,590	24,558
2019	15,099	862	15,961
2020	14,274	358	14,632
Totals	$ 260,564	$ 19,191	$ 279,755

Governmental Activities
Capital Leases

Year Ending June 30	Principal	Interest	Totals
2015	$ 5,445	$ 2,217	$ 7,662
2016	5,569	2,094	7,663
2017	5,695	1,968	7,663
2018	84,756	935	85,691
Totals	$ 101,465	$ 7,214	$ 108,679

Business-type Activities
Notes Payable

Year Ending June 30	Principal	Interest	Totals
2015	$ 338,017	$ 116,581	$ 454,598
2016	339,331	108,067	447,398
2017	330,038	99,384	429,422
2018	336,427	91,166	427,593
2019	324,692	82,785	407,477
2020	297,070	74,793	371,863
2021	265,168	68,268	333,436
2022	271,531	61,905	333,436
2023	278,072	55,364	333,436
2024	284,800	48,636	333,436
2025-2029	1,531,808	135,371	1,667,179
2030-2033	390,052	5,782	395,834
Totals	$ 4,987,006	$ 948,102	$ 5,935,108

	Business-type Activities Capital Leases		
Year Ending June 30	Principal	Interest	Totals
2015	$ 28,117	$ 3,586	$ 31,703
2016	28,783	2,921	31,704
2017	109,173	1,914	111,087
Totals	$ 166,073	$ 8,421	$ 174,494

NOTE 5 – SHORT-TERM BORROWING

On March 5, 2013 the City entered into a refinancing agreement with Ameris Bank to borrow $25,200 to pay general operating expenses. The interest rate on this note is 3.75%, which is to be repaid principal and interest by March 5, 2014. The City made principal payments totaling $12,616 during the fiscal year and re-financed $12,684 on March 5, 2014.

On March 5, 2014 the City entered into a refinancing agreement with Ameris Bank to borrow $12,584 to pay general operating expenses. The interest rate on this note is 3.75%, which is to be repaid principal and interest by March 5, 2015. The City did not make principal payments during the fiscal year leaving a balance of $12,684.

On January 10, 2013 the City entered into a TAN financing agreement with Ameris Bank to borrow $300,000 to pay general operating expenses. The interest rate on this note is 3%, which is to be repaid principal and interest by January 10, 2014. The City made principal payments totaling $225,000 during the fiscal year leaving a balance of $0.

On July 5, 2013 the City entered into a TAN financing agreement with Ameris Bank to borrow $150,000 to pay general operating expenses. The interest rate on this note is 3%, which is to be repaid principal and interest by December 31, 2013. The City made principal payments totaling $150,000 during the fiscal year leaving a balance of $0.

On December 31, 2012, the City entered into a refinancing agreement with First State Bank to borrow $330,365 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, 2013. The City made principal payments totaling $3,910 during the fiscal year and re-financed $319,366 with Peoples South Bank on September 30, 2013.

On December 27, 2013, the City entered into a refinancing agreement with First State Bank to borrow $80,000 on a line of credit to pay general operating expenses. The interest rate on this note is 3.25%, which is to be repaid principal and interest by December 27, 2014. The City made principal payments in the amount of $10,000 during the fiscal year and re-financed $70,000 on January 14, 2014.

On January 15, 2014, the City entered into a refinancing agreement with First State Bank to borrow $70,000 on a line of credit to pay general operating expenses. The interest rate on this note is

2.85%, which is to be repaid principal and interest by January 15, 2015. The City made principal payments totaling $0 during the fiscal year leaving a balance of $70,000.

On December 31, 2009, the City entered into a 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, 2014 at an interest rate of 2.85%. Principal payments were made totaling $350,000 in prior fiscal years and $100,000 in the current fiscal year leaving a balance of $1,050,000 which is due by January 1, 2015.

On December 31, 2009 the City and County entered into a 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, 2014 at an interest rate of 2.85%. The City made principal payments totaling $142,575 in prior fiscal years and $50,000 in the current fiscal year leaving a balance of $100,000 which was re-financed with Peoples South Bank on January 23, 2014.

On April 5, 2013, the City entered into a refinancing agreement with First State Bank to borrow $84,076 to pay for Milford Street Sidewalk Project. The interest rate on this note is 4%, which is to be repaid principal and interest by April 5, 2014. The City made principal payments totaling $0 during the fiscal year and re-financed $84,076 on April 25, 2014.

On April 25, 2014, the City entered into a refinancing agreement with First State Bank to borrow $84,326 to pay for Milford Street Sidewalk Project. The interest rate on this note is 4.5%, which is to be repaid principal and interest by April 25, 2015. The City made principal payments totaling $0 during the fiscal leaving a balance of $84,326.

On September 16, 2012, the City entered into a refinancing agreement with Peoples South 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, 2013. The City made principal payments totaling $8,000 during the prior fiscal year and re-financed $30,015 on October 1, 2012.

On October 31, 2012, the City entered into a refinancing agreement with Peoples South Bank to borrow $30,015 which was the balance of a short-term note that was used to purchase a Limb & Leaf Truck. The City made principal payments totaling $9,532 during the fiscal year and the balance of $20,483 has been re-issued to long term debt.

On November 30, 2013, the City entered into a financing agreement with Peoples South Bank to borrow $115,536 to pay off two BB&T capital leases. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2013. The City made principal payments totaling $17,426 during the fiscal year and re-financed $98,110 on December 31, 2014.

On December 31, 2014, the City entered into a re-financing agreement with Peoples South Bank to borrow $98,110 to pay off two BB&T capital leases. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments

totaling $71,940 during the fiscal year and re-financed $26,170 on May 6, 2014 into a long term agreement.

On September 30, 2013, the City entered into a financing agreement with Peoples South Bank to borrow $17,650 to pay off a First State Bank Note. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2013. The City made principal payments totaling $1,400 during the fiscal year and re-financed $16,250 on January 9, 2014.

On January 9 2014, the City entered into a re-financing agreement with Peoples South Bank to borrow $16,250 to pay off a First State Bank Note. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments totaling $3,314 during the fiscal leaving a balance of $12,936.

On September 30, 2013, the City entered into a financing agreement with Peoples South Bank to borrow $319,366 to pay off a First State Bank Note. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2013. The City made principal payments totaling $9,318 during the fiscal year and re-financed $310,048 on January 15, 2014.

On January 15 2014, the City entered into a re-financing agreement with Peoples South Bank to borrow $310,048 to pay off a First State Bank Note. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments totaling $11,105 during the fiscal leaving a balance of $298,943.

On January 16, 2014, the City entered into a TAN financing agreement with Peoples South Bank to borrow $325,000 to pay general operating expenses. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments totaling $75,000 during the fiscal year leaving a balance of $250,000.

On June 18, 2014, the City entered into a TAN financing agreement with Peoples South Bank to borrow $150,000 to pay general operating expenses. The interest rate on this note is 1.84%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments totaling $0 during the fiscal year leaving a balance of $150,000.

On January 23, 2014, the City entered into a financing agreement with Peoples South Bank to borrow $100,182 to pay off First State Bank note on Golf Course. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments totaling $0 during the fiscal year leaving a balance of $100,182.

On February 10, 2014, the City entered into a financing agreement with Peoples South Bank to borrow $35,720 to purchase equipment for the Golf Course. The interest rate on this note is 2.85%, which is to be paid back principal and interest by December 31, 2014. The City made principal payments totaling $2,855 during the fiscal year leaving a balance of $32,865.

Short-term Obligation Activity

Changes in short-term obligations for the year ended June 30, 2014 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Lines of Credit	$ 389,076	$ 796,976	$ (618,790)	$ 567,262
Georgia State Patrol	1,150,000	1,050,000	(1,150,000)	1,050,000
Sub-total-Governmental activities	1,539,076	1,846,976	(1,768,790)	1,617,262
Business-type activities:				
Water and Sewer Fund				
Refinancing of Bonds	25,200	12,684	(25,200)	12,684
Notes Payable	323,276	319,367	(343,699)	298,944
Sub-totals-Water & Sewer Fund	348,476	332,051	(368,899)	311,628
Environmental Services Fund				
Notes Payable	30,015	217,993	(248,008)	-
Sub-total-Environmental Services Fund	30,015	217,993	(248,008)	-
Golf Course Fund				
Golf Course Debt	150,000	135,902	(152,855)	133,047
Sub-total-Golf Course Fund	150,000	135,902	(152,855)	133,047
Sub-total-Business-type activities	528,491	685,946	(769,762)	444,675
Total all short-term debt	$ 2,067,567	$ 2,532,922	$ (2,538,552)	$ 2,061,937

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NOTE 6 – RESTRICTED NET POSITION

Net position for capital projects and special revenue funds is as follows:

	Non-Major Funds	Total
SPLOST Police Ref. 2013-2019	$ 7,769	$ 7,769
SPLOST Fire Ref. 2013-2019	15,627	15,627
SPLOST Public Works Ref. 2013-2019	10,972	10,972
SPLOST Public Building Ref. 2013-2019	3,954	3,954
Confiscated Assets SRF	40,121	40,121
Pataula Drug Task Force - Grant Funds SRF	18,884	18,884
Recreation Department SRF	137	137
Municipal Technology SRF	2,064	2,064
	$ 99,528	$ 99,528

NOTE 7 – SPECIAL ITEM – SALE OF CAPITAL ASSETS

During the fiscal year ended June 30, 2014, 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 2002 Ford Crown Victoria for $500, a 2009 Freightliner Garbage Truck for $60,102 and a lot on Mildred Street for $4,500.

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 11.04% 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 $145,456 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 $116,822 for the fiscal year ending June 30, 2014.

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		100%	$ -
1/1/2013	$ 84,625		100%	$ -
1/1/2014	$ 145,456		100%	$ -

* 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, 2014 are:

Rate of return on investment	7.75% per year
Projected salary increases for	
Inflation	3.50% 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 20% of market value.

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%
1/1/2013	$ 721,351	$ 970,647	$ (249,296)	74.32%	$ 953,600	26.14%
1/1/2014	$ 860,390	$ 1,158,505	$ (298,115)	74.27%	$ 1,524,743	19.55%

The required Schedule of Funding Progress following the Notes to the Financial Statements on page 54, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2014 consisted of the following:

	Transfer In							
Transfer Out	General Fund	Non-major Govern-mental	SPLOST CPF - Public Works	Water & Sewer	Gas	Enviro-mental Services	Golf Course	Total
General Fund	$ -	$ -	$ 50,000	$ -	$ -	$ 10,776	$ 89,379	$ 150,155
Golf Course	1,852	-	-	-	-	-	-	1,852
Ref. 3 SPLOST CPF Police	-	2,872	-	-	-	-	-	2,872
Ref. 3 SPLOST CPF Fire	-	2,734	-	-	-	-	-	2,734
Ref. 3 SPLOST CPF Public Works	-	2,815	-	-	-	-	-	2,815
2013-2019 SPLOST Police	-	12,427	-	-	-	-	-	12,427
2013-2019 SPLOST Fire	-	22,152	-	-	-	-	-	22,152
2013-2019 SPLOST Public Works	-	28,980	-	7,400	-	-	-	36,380
Non-major Governmental	4,714	-	-	10,647	2,281	-	-	17,642
Totals	$ 6,566	$ 71,980	$ 50,000	$ 18,047	$ 2,281	$ 10,776	$ 89,379	$ 249,029

Transfers from the SPLOST Capital Projects Funds to the SPLOST Debt Service Fund in the amount of $71,980 represent funds used to service principal and interest on long-term debt.

Transfers of $89,379 from the General Fund to the Golf Course Fund are per the agreement with the county to help fund the golf course operations.

Transfers of $50,000 from the General Fund to the SPLOST Capital Projects Fund-Public Works Fund represent funds used for operating.

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, 2014. No provisions have been made in the financial statements for the year ended June 30, 2014 for any estimate of potential unpaid claims.

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, 2014 follows:

Lodging tax receipts	$	6,543
Disbursements to Colquitt - Miller County Chamber of Commerce for promotion of tourism		(6,543)
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 2013-2019.	$	7,769
Total	$	7,769
Volunteer Fire Department - Used to account for equipment and vehicles financed with SPLOST Ref 2013-2019.	$	15,627
Total	$	15,627
Public Works - Used to account for capital projects in the Public Works Department financed with SPLOST Ref 2013-2019.	$	10,972
Total	$	10,972
Public Works - Used to account for capital projects in the Public Works Department financed with SPLOST Ref 2013-2019.	$	3,954
Total	$	3,954
Special Revenue Funds		
Confiscated Assets Fund - Used to account for drug related expenditures.	$	40,121
Total	$	40,121
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 Technology - Used to account for revenues collected from fines that are restricted for technological improvements.	$	2,064
Total	$	2,064
Pataula Drug Task Force - Grant Funds - Used to account for receipts and disbursements related to the Edward Byrne Memorial Justice Assistance Grant Program.	$	18,884
Total	$	18,884

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

General Fund		
Fund Balance (Deficit)	$	(306,871)
Total	$	(306,871)
CDBG Capital Projects Fund 09 - Used to account for all CDBG Grant revenues and expenditures.	$	(83,202)
Total	$	(83,202)

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.

2013-2019 Special Purpose Local Option sales Tax Referendum

A one percent (1%) Special Purpose Local Option Sales Tax was approved by a Miller County referendum on September 26, 2011, 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, 2013. 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	$ 1,116,000	31%
Emergency Medical Services	County	360,000	10%
County Buildings	County	324,000	9%
Parks & Recreation	County	319,680	9%
Sheriff's Department	County	288,000	8%
E-911 Equipment	County	36,000	0.01
Emergency Management Agency	County	36,000	0.01
Public Works Department	**City**	**504,000**	**14%**
Fire Department	**City**	**360,000**	**10%**
Police Department	**City**	**226,080**	**6%**
City Buildings	**City**	**30,240**	**1%**
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 $306,870. The City intends to alleviate this deficit with future year surpluses.

The Milford St. DOT Capital Project Fund has a deficit balance of $83,202. The City intends to alleviate this deficit with future year surpluses.

NOTE 18 – UNEARNED REVENUE

The City reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the Authority and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

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NOTE 19 – 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. For this reason the Authority is considered a component unit of the City of Colquitt, Georgia.

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

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 240,000	$ -	$ -	$ 240,000
Construction in Progress	-	208,221	-	208,221
Total capital assets not being depreciated	240,000	208,221	-	448,221
Capital Assets being depreciated:				
Buildings	385,903	-	(4,014)	381,889
Total capital assets being depreciated:	385,903	-	(4,014)	381,889
Less accumulated depreciation for:				
Buildings	(29,772)	(10,348)	211	(39,909)
Total accumulated depreciation	(29,772)	(10,348)	211	(39,909)
Capital assets being depreciated, net	356,131	(10,348)	(3,803)	341,980
Capital assets, net	$ 596,131	$ 197,873	$ (3,803)	$ 790,201

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Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 59,378	$ -	$ -	$ 59,378
Total capital assets not being depreciated	59,378	-	-	59,378
Capital Assets being depreciated:				
Buildings	737,509	4,576	-	742,085
Machinery & Equipment	22,335	14,304	-	36,639
Total capital assets being depreciated:	759,844	18,880	-	778,724
Less accumulated depreciation for:				
Buildings	(95,834)	-	(23,958)	(119,792)
Structures & Improvements	(11,812)	-	(3,705)	(15,517)
Machinery & Equipment	(5,635)	-	(3,798)	(9,433)
Total accumulated depreciation	(113,281)	-	(31,461)	(144,742)
Capital assets being depreciated, net	646,563	18,880	(31,461)	633,982
Capital assets, net	$ 705,941	$ 18,880	$ (31,461)	$ 693,360

Capitalization Policy:

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

Capital assets for the Authority note disclosure have been separated and restated for Governmental and Business-Type activates for the 2014 fiscal year.

C. Long-Term Borrowing

The Authority was awarded a grant on December 7, 2009 in the amount of $500,000 that includes a long-term debt agreement in the amount of $250,000 with One Georgia for the renovation of the Woodstork Theater. The Authority started making draws on the loan in the subsequent year. This note will go into repayment after the project is completed at an interest rate of 3%.

D. 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 December 31, 2013 for $233,176 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, 2014 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Short-term Debt Note 4 - Tully Property	$ 247,320	$ 233,176	$ (247,320)	$ 233,176
Total DDA Debt	$ 247,320	$ 233,176	$ (247,320)	$ 233,176

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NOTE 20 – 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	$ 42,085
Due from Member Agencies	119
Totals	$ 42,204

Deposits and Investments

At year-end all deposits were fully FDIC insured.

Capital Assets

Capital asset activity for the year ended June 30, 2014 are as follows:

	Beginning of Year	Increases	Decreases	End of Year
Governmental activities:				
Capital assets being depreciated:				
Machinery and Equipment	$ 191,680	$ -	$ (43,085)	$ 148,595
Total capital assets being depreciated	191,680	-	(43,085)	148,595
Less accumulated depreciation for:				
Machinery and Equipment	(101,902)	(18,173)	38,473	(81,602)
Total accumulated depreciation	(101,902)	(18,173)	38,473	(81,602)
Total capital assets being depreciated, net	89,778	(18,173)	(4,612)	66,993
Governmental activities capital assets, net	$ 89,778	$ (18,173)	$ (4,612)	$ 66,993

Risk Management

The Pataula Drug Task Force is exposed to various risks of loss relating to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Pataula Drug Task Force is covered on a member government's insurance policy. The Miller County Board of Commissioners has made this liability coverage available through Miller County's coverage with Association of County Commissioners of Georgia Interlocal Risk Management Agency. The workers compensation liability coverage for the Special Agents employed by the Pataula Judicial Circuit Regional Drug Task Force is made available through the City of Colquitt, GA as the host city of the Drug Task Force. The City of Colquitt, GA has made workers compensation liability coverage available through the City's coverage with Harmon Dennis Bradshaw, Inc.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Colquitt, Georgia
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	$ 1,061,600	$ 1,059,640	$ 1,047,168	$ (12,472)
Licenses & Permits	44,125	31,572	31,572	-
Intergovernmental	114,661	139,599	420,521	280,922
Fines, Forfeitures & Penalties	135,000	118,967	118,967	-
Charges for Services	128,800	136,408	135,960	(448)
Investment Income	-	1,242	6,616	5,374
Contributions and Donations	15,000	146,213	46,213	(100,000)
Miscellaneous	165,600	(11,538)	18,391	29,929
TOTAL REVENUES	1,664,786	1,622,103	1,825,408	203,305
EXPENDITURES				
General Government				
Legislative Department	34,850	40,676	35,902	4,774
Executive Department	89,433	97,015	96,872	143
Elections Department	5,000	-	-	-
Financial Administration Department	531,820	995,931	878,612	117,319
Total General Government	661,103	1,133,622	1,011,386	122,236
Municipal Court				
Municipal Court	16,300	14,162	14,162	-
Total Munifipal Court	16,300	14,162	14,162	-
Public Safety				
Police Department	617,261	637,883	637,842	41
Probation Department	116,538	113,816	113,815	1
Fire Department	100,133	116,419	105,549	10,870
EMS Department	-	-	-	-
Total Public Safety	833,932	868,118	857,206	10,912
Public Works				
Street Department	126,600	188,806	186,768	2,038
Total Public Works	126,600	188,806	186,768	2,038
Housing and Development				
Protective Inspection	22,650	22,015	22,015	-
Planning and zoning	1,500	1,982	1,982	-
Total Housing and Development	24,150	23,997	23,997	-
Total Expenditures - All Departments	1,662,085	2,228,705	2,093,519	135,186
Net Excess before Operating Transfers	2,701	(606,602)	(268,111)	338,491
Other Financing Sources (Uses)				
Transfers In (Out)	-	33,500	(143,590)	(177,090)
Sale of General Capital Assets	-	10,105	10,105	-
Debt proceeds	-	642,650	16,700	(625,950)
Total Other financing souces (uses)	-	686,255	(116,785)	(803,040)
Net Change in Fund Balances	$ 2,701	$ 79,653	$ (384,896)	$ (464,549)

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.

City of Colquitt, Georgia
Budgetary Comparison Schedule - WIA Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget-Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 3,727,999	$ 3,300,310	$ (427,689)
TOTAL REVENUES	-	3,727,999	3,300,310	(427,689)
EXPENDITURES				
Health and Welfare				
Health and Welfare	-	3,065,397	3,300,310	(234,913)
Total Health and Welfare	-	3,065,397	3,300,310	(234,913)
Total Expenditures - All Departments	-	3,065,397	3,300,310	(234,913)
Net Change in Fund Balances	$ -	$ 662,602	$ -	$ (662,602)

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	$ 1,825,408
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-general fund.	$ 1,825,408
Expenditures	
Actual amounts (budgetary basis) "expenditures" from the Budgetary Comparison Schedules	$ 2,093,519
Adjustments:	
The City records expenditures/expenses for some debt service expenditures in the general fund, however, these expenditures/expenses are recorded in the appropriate fund for GAAP purposes.	(8,448)
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.	(560,000)
The City budgets expenditures on the cash basis of accounting rather than the modified accrual basis of accounting	35,226
The city netted some expenditures with revenues for budgetary basis but for GAAP basis these expenditures were seperatec	106,790
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-general fund and major special revenue fund	$ 1,667,087

City of Colquitt, Georgia
Budgetary Comparison
For the Fiscal Year Ended June 30, 2014

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

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 August 15, 2013 and it was amended on July 10, 2014. 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, 2014

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%
January 1, 2012	$ 626,378	$ 1,009,612	$ 383,234	62.04%	$ 1,167,000	32.84%
January 1, 2013	$ 721,351	$ 970,647	$ 249,296	74.32%	$ 953,600	26.14%
January 1, 2014	$ 860,390	$ 1,158,505	$ 298,115	74.27%	$ 1,524,743	19.55%

City of Colquitt, Georgia
Employee Retirement System
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014

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, 2014
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, 2014

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, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
Assets				
Cash	$ 61,206	$ -	$ 22,241	$ 83,447
Notes Receivable	-	3,758	-	3,758
Due from Environmental Svs. Fund	-	-	-	-
Intergovernmental Receivable	-	-	26,650	26,650
Total Assets	$ 61,206	$ 3,758	$ 48,891	$ 113,855
Liabilties and Fund Balance				
Accounts Payable	$ -	$ -	$ 9,445	$ 9,445
Due to other funds	-	-	-	-
Short-term debt	-	-	84,326	84,326
Total Liabilities	-	-	93,771	93,771
Fund Balances				
Restricted for:				
Public Safety	59,005	-	34,368	93,373
Public Works	-	-	3,954	3,954
Recreation	137	-	-	137
Judicial	2,064	3,758	-	5,822
Unassigned	-	-	(83,202)	(83,202)
Total Fund Balances	61,206	3,758	(44,880)	20,084
Total Liabilities and Fund Balance	$ 61,206	$ 3,758	$ 48,891	$ 113,855

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, 2014

Revenues	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
Intergovernmental Revenue	$ 311,247	$ -	$ 450,915	$ 762,162
Hotel / Motel Tax	6,543	-	-	6,543
Fines and Forfeitures	16,822	-	-	16,822
Charges for Services	600	-	-	600
Interest Income	-	-	2	2
Total Revenues	335,212	-	450,917	786,129
Expenditures				
Current				
Housing and Development	6,543	-	-	6,543
Judicial	12,654			12,654
Public Safety	270,017	-	-	270,017
Debt Service				
Principal	-	44,327	-	44,327
Interest	-	10,012	-	10,012
Capital Outlay				
Public Safety	-	-	74,004	74,004
Public Works	-	-	407,491	407,491
Total Expenditures	289,214	54,339	481,495	825,048
Excess of Revenues Over Expenditures	45,998	(54,339)	(30,578)	(38,919)
Other Financing Sources (Uses)				
Transfers in	-	71,980	50,000	121,980
Transfers (out)	-	(17,642)	(79,380)	(97,022)
Total Other Financing Sources (Uses)	-	54,338	(29,380)	24,958
Net Change in Fund Balance	45,998	(1)	(59,958)	(13,961)
Fund Balance - Beginning of Year	15,208	3,759	15,078	34,045
Fund Balance - End of Year	$ 61,206	$ 3,758	$ (44,880)	$ 20,084

City of Colquitt, Georgia
Non-Major Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2014

	Hotel/Motel Taxes	Confiscated Assets	Recreation Department	Municipal Jail	Municipal Technology	Pataula DTF	Totals
Assets							
Cash	$ -	$ 40,121	$ 137	$ -	$ 2,064	$ 18,884	$ 61,206
Due from Other Governments	-	-	-	-	-	42,085	42,085
Total Assets	$ -	$ 40,121	$ 137	$ -	$ 2,064	$ 60,969	$ 103,291
Liabilties and Fund Balance							
Due to other Governments	$ -	$ -	$ -	$ -	$ -	$ 42,085	$ 42,085
Total Liabilities	-	-	-	-	-	42,085	42,085
Fund Balances							
Restricted for:							
Public Safety	-	40,121	-	-	-	18,884	59,005
Recreation	-	-	137	-	-	-	137
Judicial	-	-	-	-	2,064	-	2,064
Total Fund Balances	-	40,121	137	-	2,064	18,884	61,206
Total Liabilities and Fund Balance	$ -	$ 40,121	$ 137	$ -	$ 2,064	$ 60,969	$ 103,291

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, 2014

Revenues	Hotel/Motel Taxes	Confiscated Assets	Recreation Department	Municipal Jail	Municipal Technology	Pataula DTF	Totals
Hotel / Motel Tax	$ 6,543	$ -	$ -	$ -	$ -	$ -	$ 6,543
Fines and Forfeitures	-	3,682	-	7,962	5,178	-	16,822
Intergovernmental Revenue	-	37,771	-	-	-	273,476	311,247
Charges for Services	-	-	-	-	-	600	600
Total Revenues	6,543	41,453	-	7,962	5,178	274,076	335,212
Expenditures							
Current							
Housing and Development	6,543	-	-	-	-	-	6,543
Judicial	-	-	-	8,505	4,149	-	12,654
Public Safety	-	2,117	-	-	-	267,900	270,017
Total Expenditures	6,543	2,117	-	8,505	4,149	267,900	289,214
Excess of Revenues Over Expenditures	-	39,336	-	(543)	1,029	6,176	45,998
Net Change in Fund Balance	-	39,336	-	(543)	1,029	6,176	45,998
Fund Balance - Beginning of Year	-	785	137	543	1,035	12,708	15,208
Fund Balance - End of Year	$ -	$ 40,121	$ 137	$ -	$ 2,064	$ 18,884	$ 61,206

City of Colquitt, Georgia
Special Revenue Fund - Hotel / Motel Tax Fund
Budgetary Comparison Schedule (Non-GAAP)
For the Fiscal Year Ended June 30, 2014

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Hotel / Motel Tax	$ 7,000	$ 6,543	$ 6,543	$ -
Total Revenues	7,000	6,543	6,543	-
Expenditures				
Housing and Development	7,000	6,543	6,543	-
Total Expenditures	7,000	6,543	6,543	-
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, 2014

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Intergovernmental Revenue	$ -	$ 37,771	$ 37,771	$ -
Fines and Forfeitures	-	3,682	3,682	-
Total Revenues	-	41,453	41,453	-
Expenditures				
Public Safety	-	2,117	2,117	-
Total Expenditures	-	2,117	2,117	-
Net Change in Fund Balance	-	39,336	39,336	-
Fund Balance - Beginning of Year	785	785	785	-
Fund Balance - End of Year	$ 785	$ 40,121	$ 40,121	$ -

City of Colquitt, Georgia
Special Revenue Fund - Municipal Jail
Budgetary Comparison Schedule (Non-GAAP)
For the Fiscal Year Ended June 30, 2014

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Fines and Forfeitures	$ -	$ 7,962	$ 7,962	$ -
Total Revenues	-	7,962	7,962	-
Expenditures				
Judicial	-	8,505	8,505	-
Total Expenditures	-	8,505	8,505	-
Net Change in Fund Balance	-	(543)	(543)	-
Fund Balance - Beginning of Year	543	543	543	-
Fund Balance - End of Year	$ 543	$ -	$ -	$ -

City of Colquitt, Georgia
Special Revenue Fund - Municipal Technology
Budgetary Comparison Schedule (Non-GAAP)
For the Fiscal Year Ended June 30, 2014

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Fines and Forfeitures	$ -	$ 5,178	$ 5,178	$ -
Total Revenues	-	5,178	5,178	-
Expenditures				
Judicial	-	4,150	4,149	1
Total Expenditures	-	4,150	4,149	1
Net Change in Fund Balance	-	1,028	1,029	1
Fund Balance - Beginning of Year	1,035	1,035	1,035	(1)
Fund Balance - End of Year	$ 1,035	$ 2,063	$ 2,064	$ -

City of Colquitt, Georgia
Special Revenue Fund - Drug Task Force
Budgetary Comparison Schedule (Non-GAAP)
For the Fiscal Year Ended June 30, 2014

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Intergovernmental	$ -	$ 231,391	231,391	$ -
Charges for Services	-	600	600	-
Total Revenues	-	231,991	231,991	-
Expenditures				
Public Safety	-	225,815	225,815	-
Total Expenditures	-	225,815	225,815	-
Net Change in Fund Balance	-	6,176	6,176	-
Fund Balance - Beginning of Year	12,708	12,708	12,708	-
Fund Balance - End of Year	$ 12,708	$ 18,884	$ 18,884	$ -

Revenues	$ 274,076
The City budgets revenues on the cash basis of accounting rather than the modified accrual basis of accounting	(42,085)
	$ 231,991
Expenditures	$ 267,900
The City budgets expenditures on the cash basis of accounting rather than the modified accrual basis of accounting	(42,085)
	$ 225,815

City of Colquitt, Georgia
Non-major SPLOST Debt Service Fund
Budgetary Comparison Schedule (Non GAAP)
For the Fiscal Year Ended June 30, 2014

Revenues	Original Budget	Final Budget	Actual	Positive (Negative)
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Debt Service				
Principal	-	44,500	44,327	173
Interest	-	10,200	10,012	188
Total Expenditures	-	54,700	54,339	361
Net Excess before Operating Transfers	-	(54,700)	(54,339)	361
Other Financing Sources (Uses)				
Transfers In (Out)	-	54,394	54,338	(56)
Total Other financing souces (uses)	-	54,394	54,338	(56)
Net Change in Fund Balance	-	(306)	(1)	305
Fund Balance - Beginning of Year	3,759	3,759	3,759	-
Fund Balance - End of Year	$ 3,759	$ 3,453	$ 3,758	$ 305

City of Colquitt, Georgia
Non-Major Capital Projects Fund
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2014

	Ref. 3 SPLOST			SPLOST 2013- 2019						
	Police	Fire	Public Works	Police	Fire	Public Works	Public Service Buildings	CDBG Sewer Project	Milford St DOT Capital Project	Totals
Assets										
Cash	$ -	$ -	$ -	$ 4,584	$ 11,238	$ 2,060	$ 3,235	$ -	$ 1,124	$ 22,241
Intergovernmental Receivable	-	-	-	5,378	8,564	11,989	719	-	-	26,650
Total Assets	$ -	$ -	$ -	$ 9,962	$ 19,802	$ 14,049	$ 3,954	$ -	$ 1,124	$ 48,891
Liabilties and Fund Balance										
Liabilities										
Accounts Payable	$ -	$ -	$ -	$ 2,193	$ 4,175	$ 3,077	$ -	$ -	$ -	$ 9,445
Short-term notes payable	-	-	-	-	-	-	-	-	84,326	84,326
Total Liabilities	-	-	-	2,193	4,175	3,077	-	-	84,326	93,771
Fund Balances										
Restricted for:										
Public Safety	-	-	-	7,769	15,627	10,972	-	-	-	34,368
Buildings	-	-	-	-	-	-	3,954			3,954
Unassigned	-	-	-	-	-	-	-	-	(83,202)	(83,202)
Total Fund Balances	-	-	-	7,769	15,627	10,972	3,954	-	(83,202)	(44,880)
Total Liabilities and Fund Balance	$ -	$ -	$ -	$ 9,962	$ 19,802	$ 14,049	$ 3,954	$ -	$ 1,124	$ 48,891

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, 2014

	Ref. 3 SPLOST			SPLOST 2013- 2019						
Revenues	Police	Fire	Public Works	Police	Fire	Public Works	Public Service Buildings	CDBG Sewer Project	Milford St DOT Capital Project	Totals
Intergovernmental Revenue	$ -	$ -	$ -	$ 31,865	$ 50,741	$ 71,038	$ 4,262	$ 293,009	$ -	$ 450,915
Interest Revenue	1	-	1	-	-	-	-	-	-	2
Total Revenues	1	-	1	31,865	50,741	71,038	4,262	293,009	-	450,917
Expenditures										
Capital Outlay										
Public safety	8,105	4,426	-	25,881	35,592	-	-	-	-	74,004
Public works	-	-	6,655	-	-	105,368	2,209	293,009	250	407,491
Total Expenditures	8,105	4,426	6,655	25,881	35,592	105,368	2,209	293,009	250	481,495
Excess (Deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)	(8,104)	(4,426)	(6,654)	5,984	15,149	(34,330)	2,053	-	(250)	(30,578)
Other Financing Sources (Uses)										
Transfer in	-	-	-	-	-	50,000	-	-	-	50,000
Transfer out	(2,872)	(2,734)	(2,815)	(12,427)	(22,152)	(36,380)	-	-	-	(79,380)
Total Other Financing Sources (Uses)	(2,872)	(2,734)	(2,815)	(12,427)	(22,152)	13,620	-	-	-	(29,380)
Net Change in Fund Balance	(10,976)	(7,160)	(9,469)	(6,443)	(7,003)	(20,710)	2,053	-	(250)	(59,958)
Fund Balance - Beginning of Year	10,976	7,160	9,469	14,212	22,630	31,682	1,901	-	(82,952)	15,078
Fund Balance - End of Year	$ -	$ -	$ -	$ 7,769	$ 15,627	$ 10,972	$ 3,954	$ -	$ (83,202)	$ (44,880)

STATE REPORTING REQUIREMENTS

City of Colquitt, Georgia
Schedule of Special Purpose
Local Option Sales Tax - Ref #3
For the Fiscal Year Ended June 30, 2014

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	$ 7,160	$ 391,157	$ 398,317	113.48%
City of Colquitt Police Department Equipment and vehicles	297,000	10,977	332,410	343,387	115.62%
Public Works Projects	612,000	9,470	702,750	712,220	116.38%
Total	$ 1,260,000	$ 27,607	$ 1,426,317	$ 1,453,924	115.39%

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

Police CPF (page 67)	$ 8,105
Fire CPF (page 67)	4,426
Public Works CPF (page 67)	6,655
SPLOST DSF (page 67)	8,421
Total	$ 27,607

City of Colquitt, Georgia
Schedule of Special Purpose
Local Option Sales Tax - SPLOST 2013-2019
For the Fiscal Year Ended June 30, 2014

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	$ 360,000	$ 57,744	$ -	$ 57,744	16.04%
City of Colquitt Police Department Equipment and Vehicles	226,080	38,308	-	38,308	16.94%
Public Works Projects	504,000	141,748	-	141,748	28.12%
Public Service Buildings	30,240	2,209	-	2,209	7.30%
Total	$ 1,120,320	$ 240,009	$ -	$ 240,009	21.42%

Current year expenditures for the SPLOST Referendum 2013-2019 were recognized as follows:

Police CPF (page 67)	$ 25,881
Fire CPF (page 67)	35,592
Public Works CPF (page 67)	105,368
Public Service Buildings (page 67)	2,209
SPLOST DSF (page67)	70,959
Total	$ 240,009

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

Grant # 12p-x-100-2-5452

June 30, 2014

Total Grant funds allocated to recipient	$ 476,472
Less: Total Program Year 2013 Funds Drawndown by Recipient	18,878
Less: Total Program Year 2014 Funds Drawndown by Recipient	293,009
Funds still available from Grant Resources	$ 164,585
Total Grant funds held at Fiscal Year-End	$ -
Total Program Year 2013 Funds Drawndown & received by Recipient	18,878
Total Program Year 2014 Funds Drawndown & received by Recipient	293,009
Less: Funds Applied and Expended to Program Year 2013 Cost	18,878
Less: Funds Applied and Expended to Program Year 2014 Cost	293,009
TOTAL GRANT FUNDS HELD BY RECIPIENT	$ -

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

June 30, 2014

Grant # 12p-x-100-2-5452

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Current Period Expenditures	Prior Perid Expenditures	Grand Total Expenditures to Date	Questioned Costs
Sewer Facilities	P-03J-02	$ 365,852	$ 256,250	$ -	$ 256,250	$ -
Contingencies	C-022-00	39,938	-	-	-	-
Engineering - Sewer	T-03J-00	43,773	26,359	14,378	40,737	-
Administration	A-21A-00	26,909	10,400	4,500	14,900	-
TOTAL		$ 476,472	$ 293,009	$ 18,878	$ 311,887	$ -

FEDERAL COMPLIANCE SECTION

SINGLE AUDIT SECTION

City of Colquitt, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grants Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Pass-through Programs:			
Pass-through State of Georgia Bureau of Investigation			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B12-8-011	$ 43,714
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B12-8-011	43,480
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B13-8-012	32,372
Sub-total CFDA Number 16.738			119,566
Sub-total U.S. Department of Justice			119,566
U. S. Department of Housing and Urban Development:			
Pass-through State of Georgia Georgia Department of Community Affairs			
Community Development Block Grant	14.228	12p-x-100-2-5452	293,009
Sub-total CFDA Number 14.228			293,009
Sub-total U.S. Department of Housing and Urban Development			293,009
U.S. Department of Labor Employment Training Administration:			
Pass-through State of Georgia Governor's Office of Workforce Development			
WIA Dislocated Worker	17.278	31-13-14-10-017	697,932
WIA Youth	17.259	15-14-14-10-017	1,519,383
WIA Rapid Response	17.278	44-13-14-10-017	3,705
WIA Adult	17.258	11-14-13-10-017	1,079,291
Sub-total CFDA Numbers 17.258, 17.259, and 17.278			3,300,311
Sub-total U. S. Department of Labor Employment Training Administration			3,300,311
Sub-total pass-through awards			3,712,886
Total Expenditures of Federal Awards			$ 3,712,886

City of Colquitt, Georgia
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

NOTE 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Colquitt (the "City"). The City receives pass-through financial assistance from the Georgia Department of Community Affairs, Georgia Environmental Facility Authority and the Governor's Office of Workforce Development.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

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

To the Mayor and City Council
City of Colquitt, Georgia

We have audited, 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 United States, the financial statements of the governmental activities, the aggregate business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colquitt, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Colquitt, Georgia's basic financial statements and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We identified one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-1 that we consider to be a material weakness.

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. We found no instances of deficiencies in internal control that we considered significant.

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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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We noted certain other matters that we reported to management of the City of Colquitt, Georgia in a separate letter dated December 15, 2014.

City of Colquitt, Georgia's Response to Findings

The City of Colquitt, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Colquitt, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Burke, Worsham & Harrell, LLC

December 15, 2014

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

To the Mayor and Council Members
City of Colquitt, Georgia

Report on Compliance for Each Major Federal Program

We have audited City of Colquitt, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City of Colquitt, Georgia's major federal programs for the year ended June 30, 2014. The City of Colquitt, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Colquitt, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Colquitt, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Colquitt, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Colquitt, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material affect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Colquitt, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Colquitt, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each

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major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Colquitt, Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we found no deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies..

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We found no instances of deficiencies in internal control over compliance requirements for federal programs.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

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

Burke, Worsham & Harrell, LLC

Burke, Worsham & Harrell, LLC

December 15, 2014

City of Colquitt, Georgia
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

SECTION I

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting: Material weaknesses identified?	[X] yes	___ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes	[X] none reported
Noncompliance material to financial statements noted?	___ yes	[X] no

Federal Awards

Internal Control over major programs: Material weaknesses identified?	___ yes	[X] no
Significant deficiencies identified not considered to be material weaknesses?	___ yes	[X] none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	___ yes	[X] no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
17.278,17.259,17.258	Workforce Investment Act Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	[X] yes	___ no

City of Colquitt, Georgia
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-1

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 is aware of this issue, but it is not economically feasible to correct.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

City of Colquitt, Georgia
Schedule of Prior Year of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

2013-1

Condition:

At the end of the 2012 fiscal year, the City of Colquitt received grant and loan proceeds which were placed into a special account that was opened. The funds were received and immediately disbursed with the account being closed. This bank account and it's activity was not recorded in the 2012 general ledger until after the fiscal year had ended.

Criteria:

Generally accepted accounting principles would require such activity be recorded in the general ledger for such a temporary account that was subsequently closed.

Cause:

Management just failed to input this activity.

Effect:

Revenues and expenditures were understated.

Recommendation:

Review accounting policies and modify as needed to ensure the activity of every account is recorded.

Management's Response:

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

City of Colquitt, Georgia
Schedule of Prior Year of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

2013-2

Condition:

During the 2013 fiscal year the city expended $5,913 in SPLOST funds for mosquito spray which was not qualified capital outlay expenditure. This error was timely discovered with funds replaced but not until after the fiscal year had ended.

Criteria:

State law requires SPLOST proceeds be disbursed in accordance with the Referendum for capital outlay items.

Cause:

This expenditure was paid along with other qualified expenditures and was overlooked by management.

Effect:

The city was in non-compliance with state law as of June 30, 2013.

Recommendation:

The city should stress the importance of not letting non-qualified expenditures get mixed in with qualified expenditures resulting in non-qualified expenditures being paid with SPLOST proceeds in error.

Management's Response:

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