CITY OF COOLIDGE, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2013

CITY OF COOLIDGE, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the City of Coolidge, Georgia as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 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 business-type activities and each major fund and the aggregate remaining fund information of the City of Coolidge, Georgia as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The City of Coolidge, Georgia has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coolidge, Georgia's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements and the schedule of expenditures of federal awards 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 non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, April 30, 2014, on our consideration of the City of Coolidge, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coolidge, Georgia's internal control over financial reporting and compliance.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

April 30, 2014

CITY OF COOLIDGE, GEORGIA
Government-wide Statement of Net Position
December 31, 2013

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 291,199	$ 47,169	$ 338,368
Time deposits	240,757	-	240,757
Restricted cash	3,719	23,505	27,224
Receivables (net of allowance for doubtful accounts):			
Taxes	45,826	-	45,826
Accounts	6,954	11,671	18,625
Miscellaneous	-	-	-
Intergovernmental receivable	41,456	-	41,456
Internal balances	95,733	(95,733)	-
Prepaid items	5,229	1,224	6,453
Other assets	-	1,000	1,000
Capital assets:			
Land	92,284	8,613	100,897
Buildings	488,408	71,039	559,447
Equipment	249,836	98,972	348,808
Infrastructure	1,224,812	3,743,525	4,968,337
Construction in progress	-	-	-
Accumulated depreciation	(378,848)	(2,338,141)	(2,716,989)
Total assets	2,407,365	1,572,844	3,980,209
Liabilities:			
Accounts payable	38,949	2,081	41,030
Accrued liabilities	5,117	622	5,739
Intergovernmental payable	4,461	-	4,461
Unearned revenue	13,788	7,700	21,488
Compensated absences-current portion	2,497	-	2,497
Notes payable-current portion	4,247	16,970	21,217
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Customer deposits	-	23,433	23,433
Noncurrent liabilities:			
Compensated absences	-	-	-
Notes payable	13,650	151,309	164,959
Total liabilities	82,709	202,115	284,824
Net position:			
Net investment in capital assets	1,658,595	1,415,729	3,074,324
Restricted for:			
USDA grant	3,719	-	3,719
Special revenue fund-Hotel/Motel Tax	11,871	-	11,871
Capital projects	147,480	-	147,480
Unrestricted	502,991	(45,000)	457,991
Total net position	$ 2,324,656	$ 1,370,729	$ 3,695,385

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2013

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 154,017	$ 5,610	$ 1,854	$ 68,220
Public safety	211,329	82,160	390	-
Public works	165,593	72,883	4,705	23
Cultural and recreational	3,435	-	2,100	7
Housing and development	77,833	-	79,757	-
Interest on long-term debt	770	-	-	-
Total governmental activities	612,977	160,653	88,806	68,250
Business-type activities:				
Water & Sewer	271,682	187,661	-	-
Total business-type activities	271,682	187,661	-	-
Total government	$ 884,659	$ 348,314	$ 88,806	$ 68,250

General revenues:
- Taxes:
  - Property taxes
  - Sales taxes
  - Other taxes
- Investment earnings
- Gain on sale/retirement of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2013

	Net (Expenses) Revenues and changes in Net Position	
Governmental Activities	Business-type Activities	Total
$ (78,333)	$ -	$ (78,333)
(128,779)	-	(128,779)
(87,982)	-	(87,982)
(1,328)	-	(1,328)
1,924	-	1,924
(770)	-	(770)
(295,268)	-	(295,268)
-	(84,021)	(84,021)
-	(84,021)	(84,021)
$ (295,268)	$ (84,021)	$ (379,289)
$ 140,105	$ -	$ 140,105
44,691	-	44,691
106,428	-	106,428
2,514	113	2,627
2,841	201	3,042
1,006	-	1,006
(4,596)	4,596	-
292,989	4,910	297,899
(2,279)	(79,111)	(81,390)
2,326,935	1,449,840	3,776,775
$ 2,324,656	$ 1,370,729	$ 3,695,385

CITY OF COOLIDGE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	SPLOST 2012 Fund	CHIP 2012 Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	$ 125,161	$ 61,576	$ 5	$ 104,457	$ 291,199
Time deposits	240,757	-	-	-	240,757
Restricted cash	3,719	-	-	-	3,719
Receivables (net where applicable of allowance for doubtful accounts):					
Taxes	45,826	-	-	-	45,826
Accounts	6,954	-	-	-	6,954
Interfund receivables	95,733	-	-	-	95,733
Intergovernmental receivables	4,307	6,573	30,043	533	41,456
Prepaid items	5,229	-	-	-	5,229
Total assets	$ 527,686	$ 68,149	$ 30,048	$ 104,990	$ 730,873
Liabilities, deferred inflows and fund balances					
Liabilities :					
Accounts payable	$ 8,901	$ -	$ 30,048	$ -	$ 38,949
Accrued liabilities	5,117	-	-	-	5,117
Interfund payables	-	-	-	-	-
Intergovernmental payables	4,461	-	-	-	4,461
Unearned revenue	-	-	-	13,788	13,788
Total liabilities	18,479	-	30,048	13,788	62,315
Deferred inflows - property taxes	8,700	-	-	-	8,700
Fund balances:					
Nonspendable:					
Prepaid items	5,229	-	-	-	5,229
Interfund receivable	88,425	-	-	-	88,425
Restricted for:					
USDA grant	3,719	-	-	-	3,719
Construction of capital assets	-	68,149	-	79,331	147,480
Promotion of tourism	-	-	-	11,871	11,871
Committed for:					
CHIPS grant	-	-	-	-	-
Assigned to:					
Projected budgetary deficit	-	-	-	-	-
Unassigned	403,134	-	-	-	403,134
Total fund balances	500,507	68,149	-	91,202	659,858
Total liabilities, deferred inflows and fund balances	$ 527,686	$ 68,149	$ 30,048	$ 104,990	$ 730,873

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Government - Wide Statement of Net Position
Year Ended December 31, 2013

Total fund balances - total governmental funds		$ 659,858
Amounts reported for Governmental Activities in the Statement of Net Positions are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Cost	$ 2,055,340	
Less accumulated depreciation	(378,848)	1,676,492
Unearned revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the City's year end.		8,700
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		
Notes payable	17,897	
Compensated absences payable	2,497	(20,394)
Net position of governmental activities		$ 2,324,656

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General Fund	SPLOST 2012 Fund	CHIP 2012 Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	$ 140,105	$ -	$ -	$ -	$ 140,105
Sales and use taxes	44,691	-	-	-	44,691
Other taxes	106,428	-	-	-	106,428
Licenses and permits	5,610	-	-	-	5,610
Intergovernmental revenues	9,049	68,120	77,833	1,924	156,926
Charges for services	72,883	-	-	-	72,883
Interest income	2,514	29	-	101	2,644
Fines and forfeitures	82,160	-	-	-	82,160
Miscellaneous revenues	1,006	-	-	-	1,006
Total revenues	464,446	68,149	77,833	2,025	612,453
Expenditures:					
Current:					
General government	134,651	-	-	-	134,651
Public safety	200,673	-	-	-	200,673
Public works	133,582	-	-	-	133,582
Culture and recreation	2,096	-	-	-	2,096
Debt service	4,873	-	-	-	4,873
Capital projects	-	-	77,833	3,533	81,366
Total expenditures	475,875	-	77,833	3,533	557,241
Excess (deficiency) of revenues over expenditures	(11,429)	68,149	-	(1,508)	55,212
Other financing sources (uses):					
Proceeds from capital asset disposition	3,350	-	-	-	3,350
Inception of long-term note	-	-	-	-	-
Transfers in	-	-	-	5,000	5,000
Transfers (out)	(5,000)	-	-	(4,596)	(9,596)
Total other financing sources (uses)	(1,650)	-	-	404	(1,246)
Net change in fund balances	(13,079)	68,149	-	(1,104)	53,966
Fund balances - beginning	513,586	-	-	92,306	605,892
Fund balances - ending	$ 500,507	$ 68,149	$ -	$ 91,202	$ 659,858

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
Year Ended December 31, 2013

Net change in fund balances - total government funds		$ 53,966
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Positions, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		16,832
The book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.		(509)
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Positions, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(76,374)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Deferred taxes @ 12-31-13	$ 8,700	
Deferred taxes @ 12-31-12	8,700	-
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12-31-12	2,200	
Liability @ 12-31-13	2,497	(297)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,103
Change in net position of governmental activities		$ (2,279)

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 162,113	$ 154,045	$ 140,105	$ (13,940)
Sales and use taxes	49,000	46,000	44,691	(1,309)
Other taxes	108,150	108,782	106,428	(2,354)
Licenses and permits	6,250	6,250	5,610	(640)
Intergovernmental revenues	2,100	9,050	9,049	(1)
Charges for services	74,350	73,000	72,883	(117)
Interest income	4,951	2,400	2,514	114
Fines and forfeitures	104,900	106,400	82,160	(24,240)
Miscellaneous revenues	500	100	1,006	906
Carryover of funds	-	-	-	-
Total revenues	512,314	506,027	464,446	(41,581)
Expenditures:				
Current:				
General government	133,912	130,400	134,651	4,251
Public safety	233,818	227,148	200,673	(26,475)
Public works	132,184	135,629	133,582	(2,047)
Culture and recreation	2,000	2,450	2,096	(354)
Debt service	5,400	5,400	4,873	(527)
Total expenditures	507,314	501,027	475,875	(25,152)
Excess (deficiency) of revenues over expenditures	5,000	5,000	(11,429)	(16,429)
Other financing sources (uses):				
Proceeds from capital asset disposition	-	-	3,350	3,350
Transfers in (out)	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	(5,000)	(5,000)	(1,650)	3,350
Net change in fund balances	-	-	(13,079)	(13,079)
Fund balances - beginning	513,586	513,586	513,586	-
Fund balances - ending	$ 513,586	$ 513,586	$ 500,507	$ (13,079)

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2013

	Water & Sewer	Totals
Assets:		
Current assets:		
Cash and cash investments	$ 47,169	$ 47,169
Restricted cash	23,505	23,505
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	11,671	11,671
Miscellaneous	-	-
Interfund receivables	-	-
Intergovernmental receivables	-	-
Prepaid items	1,224	1,224
Other	1,000	1,000
Total current assets	84,569	84,569
Noncurrent assets:		
Capital assets:		
Land	8,613	8,613
Buildings	71,039	71,039
Infrastructure	3,743,525	3,743,525
Equipment	98,972	98,972
Construction in progress	-	-
Accumulated depreciation	(2,338,141)	(2,338,141)
Total capital assets, net of accumulated depreciation	1,584,008	1,584,008
Total assets	1,668,577	1,668,577
Liabilities:		
Current liabilities:		
Accounts payable	2,081	2,081
Accrued liabilities	622	622
Interfund payables	7,308	7,308
Unearned revenue	7,700	7,700
Compensated absences-current portion	-	-
Notes payable	16,970	16,970
Liabilities payable from restricted assets:		
Customer deposits	23,433	23,433
Total current liabilities	58,114	58,114
Noncurrent liabilities:		
Compensated absences	-	-
Interfund payables	88,425	88,425
Notes payable	151,309	151,309
Total noncurrent liabilities	239,734	239,734
Total liabilities	297,848	297,848
Net Position:		
Net investment in capital assets	1,415,729	1,415,729
Unrestricted (deficiency)	(45,000)	(45,000)
Total net position	$ 1,370,729	$ 1,370,729

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds	
	Water & Sewer	Totals
Operating revenues:		
Charges for services - water	$ 79,182	$ 79,182
Charges for services - sewer	83,548	83,548
Miscellaneous	17,833	17,833
Total operating revenues	180,563	180,563
Operating expenses:		
Personal services	58,888	58,888
Purchased/contracted services	29,235	29,235
Supplies	38,335	38,335
Depreciation	138,531	138,531
Total operating expenses	264,989	264,989
Income (loss) from operations	(84,426)	(84,426)
Non-operating revenues (expenses):		
Interest income	113	113
Rent income	7,098	7,098
Gain (loss) on sale of capital assets	201	201
Interest expense	(6,693)	(6,693)
Total non-operating revenues (expenses)	719	719
Income (loss) before transfers	(83,707)	(83,707)
Transfers in	4,596	4,596
Change in net position	(79,111)	(79,111)
Net position - beginning	1,449,840	1,449,840
Net position - ending	$ 1,370,729	$ 1,370,729

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds	
	Water & Sewer	Totals
Cash flows from operating activities:		
Cash received from customers	$ 164,582	$ 164,582
Other operating cash receipts	17,833	17,833
Cash payments to suppliers for goods and services	(79,756)	(79,756)
Cash payments to employees for services	(49,499)	(49,499)
Net cash provided (used) by operating activities	53,160	53,160
Cash flows from noncapital financing activities:		
Rent income	7,098	7,098
Increase (decrease) in interfund loan payable	-	-
Net cash provided (used) by noncapital financing activities	7,098	7,098
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	-	-
Proceeds from sale of capital assets	203	
Increase (decrease) in interfund loan payable	95,732	95,732
Interest paid on bonds	(6,693)	(6,693)
Loan payments	(156,970)	(156,970)
Net cash provided (used) by capital and related financing activities	(67,728)	(67,931)
Cash flow from investing activities:		
Interest on cash and investments	113	113
Net increase (decrease) in cash and cash investments	(7,357)	(7,560)
Cash and cash investments, January 1	78,031	78,031
Cash and cash investments, December 31	$ 70,674	$ 70,471
Non-cash capital activities:		
Capital asset purchased by the SPLOST Fund for the Water & Sewer Fund	$ 4,596	$ 4,596

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds	
	Water & Sewer	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ (84,426)	$ (84,426)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	138,531	138,531
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	44	44
(Increase) decrease in intergovernmental receivable		-
(Increase) decrease in prepaid items	(16)	(16)
Increase (decrease) in accounts payable	(1,877)	(1,877)
Increase (decrease) in other payables	(904)	(904)
Increase (decrease) in customer deposits payable	1,808	1,808
Net cash provided (used) by operating activities	$ 53,160	$ 53,160
Reconciliation of total cash and cash investments:		
Current assets - cash and cash investments	$ 47,169	$ 47,169
Restricted cash	23,505	23,505
Total cash and cash investments	$ 70,674	$ 70,674

See accompanying notes to basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Coolidge (the "City") was incorporated in 1901. The City operates under a council/mayor form of government and provides the following services: public safety (police), highways and streets, sanitation, recreation, public improvements and general and administrative services. In addition, the City operates a public utility (water & sewer system) for the incorporated and immediate surrounding areas.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City does not follow subsequent private-sector guidance for its enterprise funds.

The most significant of the City's accounting policies are described below.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is applicable to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Coolidge has no component units.

Related organizations

The following is a list of related organizations for which the City of Coolidge appoints one or more of the Board of Directors:

- Southwest Georgia Regional Commission
- Thomas County Recreation Board

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. Financial Reporting Entity (Cont.)

Joint ventures

The City of Coolidge, in conjunction with forty-four cities or counties in the South Georgia area are members of the Southwest Georgia Regional Commission (SWGRC). Membership in an SWGRC is automatic of 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 RCs. 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).

Separately issued financial statements of the Southwest Georgia Regional Commission are available at their administrative offices located at 30 West Broad Street, Camilla, Ga. or by telephone at 229-522-3552.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. Basis of Presentation (Cont.)

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund –

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SPLOST 2012 Fund –

The SPLOST 2012 Fund is a capital projects fund used to account for Special Purpose Local Option Sales Tax approved by the voters in 2012. This sales tax is to be used for capital outlay as allowed by the Official Code of Georgia Annotated Section 48-8-111.

CHIP 2012 Fund –

The CHIP 2012 Fund is a capital projects fund used to account for grant #2012-859. The purpose of this grant is housing rehabilitation.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Water and Sewer Fund –

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources 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

D. Measurement Focus/Basis of Accounting

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

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

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

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. Budgets

All budgets, except for the enterprise funds, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Hotel/Motel Tax Fund and the Enterprise Funds. Amounts presented for the General Fund are as amended by the City Council. All annual appropriations lapse at fiscal year end. Project-length budgets were adopted for each capital projects fund.

G. Cash and Investments

Cash and time deposits include amounts in demand deposits, passbook saving as well as certificates of deposits. All cash is separately held and reflected in its respective fund. Cash equivalents are short term, highly liquid investments with a maturity date of three months or less that can be converted to known amounts of cash.

The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, then multiplied by 110 percent.

The City's investment policy limits investment choices to investments complying with state statutes. These investments are limited to obligations of states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, obligations of any corporation of the U.S. government, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

H. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books. Any inventory of supplies at December 31, 2013 is considered immaterial.

J. Internal Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

K. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

L. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Assets are capitalized and the estimated useful lives are as follows:

	Life – Years	Threshold
Buildings	15-50	$ 15,000
Equipment	3-15	5,000
Infrastructure	20-50	150,000

M. Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation benefits. All vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

O. Nature and Purpose of Reservations of Fund Equity

The fund equity reserves for prepaid items, and long-term interfund receivables.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

P. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net positions that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net positions are reported in this category.

Q. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action by the City Council by motion. The City Council also may modify or rescind the commitment.

Assigned – Amounts constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.

Unassigned – All amounts not included in other spendable classifications.

R. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) – LEGAL COMPLIANCE – BUDGETS

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

1. At least four months prior to year end, the City Clerk and department heads start working on the proposed operating budget for the forthcoming fiscal year.

(2) – LEGAL COMPLIANCE – BUDGETS (CONT.)

2. Sixty 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, usually 30 days prior to year end, the budget is legally adopted by the City Council and made 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 each month, regardless of amount.

6. All appropriations lapse at year end.

7. Budget amendments, as needed, are proposed by the City Clerk and approved by the City Council.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

Excess of Expenditures over Appropriations

The following department overspent the final amended 2013 annual budget:

General Fund:	
Financial administration	$5,117

(3) – DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial credit risk (Note 1G). As of December 31, 2013, all of the City's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or collateral pledged by the financial institution or a combination of the two.

As of year-end, the carrying amount of the City's demand and time deposits was $606,349 and the bank balances totaled $610,715.

Investments

As of December 31, 2013 the City had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2013 for the City's individual major funds and total non-major funds are as follows:

	Major Governmental			Non-Major Governmental	Major Business-Type	
	General Fund	SPLOST 2012 Fund	CHIP 2012 Fund	Hotel/Motel Tax Fund	Water & Sewer Fund	Total
Receivables:						
Taxes	$ 45,826	$ -	$ -	$ -	$ -	$ 45,826
Accounts	7,354	-	-	-	12,771	20,125
Miscellaneous	-	-	-	-	-	-
Intergovernmental	4,307	6,573	30,043	533	-	41,456
Gross receivables	57,487	6,573	30,043	533	12,771	107,407
Less: Allowance for doubtful accounts	400	-	-	-	1,100	1,500
Total net receivables	$ 57,087	$ 6,573	$ 30,043	$ 533	$ 11,671	$ 105,907

Property taxes are levied as of October 8th on property values assessed as of January 1st. The bills were mailed on October 15th and are considered due upon receipt by the taxpayer; however, the actual due date is December 20th. After this date, the bill becomes delinquent and penalties and interest may be assessed.

(5) – RESTRICTED ASSETS

Restricted assets reported in the General Fund are comprised of the following:

Cash - USDA reserve account	$ 987
Cash - Debt service for USDA loan	2,732
Total	$ 3,719

Restricted assets reported in the Water & Sewer Fund are comprised of the following:

Cash - customer deposits	$ 23,505

(6) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 92,284	$ -	$ -	$ 92,284
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	92,284	-	-	92,284
Capital assets, being depreciated				
Buildings and improvements	488,408	-	-	488,408
Equipment	287,899	16,832	54,895	249,836
Infrastructure	1,224,812	-	-	1,224,812
Total capital assets, being depreciated	2,001,119	16,832	54,895	1,963,056
Less accumulated depreciation for:				
Buildings and improvements	59,691	13,289	-	72,980
Equipment	183,202	22,258	54,386	151,074
Infrastructure	113,967	40,827	-	154,794
Total accumulated depreciation	356,860	76,374	54,386	378,848
Total capital assets, being depreciated, net	1,644,259	(59,542)	509	1,584,208
Governmental activities capital assets, net	$ 1,736,543	$ (59,542)	$ 509	$ 1,676,492
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 8,613	$ -	$ -	$ 8,613
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	8,613	-	-	8,613
Capital assets, being depreciated				
Infrastructure	3,740,529	2,996	-	3,743,525
Buildings and improvements	71,039	-	-	71,039
Equipment	103,372	1,600	6,000	98,972
Total capital assets, being depreciated	3,914,940	4,596	6,000	3,913,536
Less accumulated depreciation for:				
Infrastructure	2,123,680	131,514	-	2,255,194
Buildings and improvements	29,441	2,344	-	31,785
Equipment	52,489	4,673	6,000	51,162
Total accumulated depreciation	2,205,610	138,531	6,000	2,338,141
Total capital assets, being depreciated, net	1,709,330	(133,935)	-	1,575,395
Business-type activities capital assets, net	$ 1,717,943	$ (133,935)	$ -	$ 1,584,008

(6) – CAPITAL ASSETS (CONT.)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:		
General government	$ 18,964	
Public safety	10,588	
Public works	46,087	
Culture and recreation	735	
Total depreciation expense -Governmental activities		$ 76,374
Business-type activities		
Water and sewer	$ 138,531	
Total depreciation expense - Business-type activities		$ 138,531

(7) – LONG-TERM DEBT

At December 31, 2013, the City had the following notes payable:

	Governmental Type Activities
Note payable – USDA – The City signed this note for $22,000 on July 13, 2012. The purpose of this note was to finance the purchase of two new police cars. The loan bears interest at 3.5 percent and is payable in five annual payments of $4,873. The City also received a $25,000 grant with this loan.	$ 17,897

Annual debt service requirements to this note payable as of December 31, 2013 follow:

Year	Principal	Interest	Total
2014	$ 4,247	$ 626	$ 4,873
2015	4,395	478	4,873
2016	4,549	324	4,873
2017	4,706	167	4,873
Total	$ 17,897	$ 1,595	$ 19,492

(7) – LONG-TERM DEBT (CONT.)

Business-Type

Revenue bonds payable – 1987 series Water & Sewer Revenue Bonds $242,000, due in annual installments of various amounts through December 1, 2026, bearing interest at 5 percent. The purpose of these bonds was to finance the construction of the sewer system.

The City retired these bonds on November 14, 2013. The City's Water & Sewer Fund borrowed $95,733 from the General Fund in order to retire these bonds. The Water & Sewer Fund will repay the General Fund over a period of approximately 13 years. The bond debt service for 2013 was as follows:

Principal	Interest	Total
$ 140,000	$ 6,693	$ 146,693

Note payable – Drinking Water State Revolving Loan Fund – The City signed this note for $523,105 in 2002. The purpose of this loan was to finance part of the cost of a new 200,000 gallon elevated water storage tank and new water lines. The loan bears interest at negative 10.187 percent and is payable in 80 quarterly installments of $1,937.50. The City's total debt service on this loan is $155,000. This loan was voided and a new loan issued in 2004 when the project was expanded to add a new well.

The new loan dated August 20, 2004 is for $321,883, due in monthly installments of $1,414.13 through 2023, bearing interest at zero percent. The total amount that the City received from the Drinking Water State Revolving Loan Fund was $821,883. The difference between the principal and total amount received, $500,000, is accounted for as a grant recognized after the total principal is drawn down from the Drinking Water State Revolving Loan Fund. $ 168,279

Annual debt service requirements to this note payable as of December 31, 2013 follow:

Year	Principal	Interest	Total
2014	$ 16,970	$ -	$ 16,970
2015	16,970	-	16,970
2016	16,970	-	16,970
2017	16,970	-	16,970
2018	16,970	-	16,970
2019-2023	83,429	-	83,429
Total	$ 168,279	$ -	$ 168,279

(7) – LONG-TERM DEBT (CONT.)

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended December 31, 2013:

	Balance Jan. 1	Additions	Deductions	Balance Dec. 31	Due within One year
Governmental type activities:					
Compensated absences	$ 2,200	$ 6,923	$ 6,626	$ 2,497	$ 2,497
Note payable - USDA	22,000	-	4,103	17,897	4,247
Total governmental type activities	$ 24,200	$ 6,923	$ 10,729	$ 20,394	$ 6,744
Business type activities:					
Compensated absences	$ 850	$ 949	$ 1,799	$ -	$ -
Revenue bonds payable	140,000	-	140,000	-	-
Note payable - Drinking Water State Revolving Loan Fund	185,248	-	16,969	168,279	16,970
Total business type activities	326,098	949	158,768	168,279	16,970
Total government	$ 350,298	$ 7,872	$ 169,497	$ 188,673	$ 23,714

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, normally the General Fund and the Water and Sewer Fund.

(8) – INTERFUND BALANCES

Interfund balances at December 31, 2013, consisted of the following amounts and represents a long-term interfund loan.

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 95,733	$ -
Water & Sewer Fund	-	95,733
Total	$ 95,733	$ 95,733

The General Fund loaned the Water and Sewer Fund $95,733 on November 14, 2013. The Water and Sewer Fund used this money when it retired the 1987 series Water and Sewer Revenue Bonds. The Water and Sewer Fund expects to repay this interfund loan over a period of approximately 13 years.

(9) – INTERFUND TRANSFERS

Transfers are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions.

Transfers between funds during the year were as follows:

	Transfers From:				
	Governmental Activities			Major Business - Type Funds	
	Major Governmental Funds				
Transfer To:	General Fund	SPLOST 2012 Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Total
Nonmajor governmental fund	$ 5,000	$ -	$ -	$ -	$ 5,000
Water & Sewer Fund	-	-	4,596	-	4,596
Total	$ 5,000	$ -	$ 4,596	$ -	$ 9,596

(10) – FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2013:

Nonspendable:	
Prepaid items - This is prepaid insurance in the general fund	$ 5,229
Interfund receivable - This is a long-term interfund receivable in the general fund	88,425
Restricted for construction of capital assets - This is net positions restricted by state laws and grant agreements as follows:	
SPLOST 2012 Fund - Restricted by state law	68,149
SPLOST 2006 Fund - Restricted by state law	67,950
SPLOST Recreation Fund - Restricted by state law and the City of Thomasville	6,358
LMIG Fund - Restricted by grant agreement	5,023
Restricted for capital assets:	
General Fund - Restricted by the loan agreement with the U.S. Department of Agriculture	3,719
Restricted for promotion of tourism:	
Hotel/Motel Fund - Restricted by state law	11,871
Committed:	
None	-
Assigned:	
None	-
Unassigned:	
This is the amount assigned in the general fund	403,134
Total	$ 659,858

(11) - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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 December 31, 2013. No provisions has been made in the financial statements for the year ended December 31, 2013 for any estimate of potential unpaid claims.

The City carries a combined property, casualty, and crime coverage with the Georgia Interlocal Risk Management Agency (GIRMA).

Coverages are as follows:

Coverage description – property:	
Blanket buildings and personal property	$ 2,105,992
Automobile physical damage and mobile equipment	Per schedule on file with GIRMA
Coverage description – casualty:	
General liability	1,000,000
Fire damage	1,000,000
Law enforcement liability	1,000,000
Automobile liability	1,000,000
Employee benefits liability	1,000,000
Public officials liability	1,000,000
Coverage description – crime:	
Blanket bond	500,000
Depositors forgery	500,000
Money and securities	500,000
Coverage description – environmental:	
GIRMA public entity environmental impairment liability	1,000,000

(11) - RISK MANAGEMENT (CONT.)

Deductible:	
General liability	1,000
Fire damage	1,000
Law enforcement liability	1,000
Automobile liability	1,000
Errors and omissions liability	1,000
Employee benefits liability	1,000
Buildings and personal property	1,000
Automobile physical damage	1,000
Environmental	1,000
Crime	1,000
Coverages subject to a retroactive date:	
(Unless stated otherwise in the coverage exceptions)	
Environmental liability	5/1/2003

Coverage is subject to all terms, conditions and internal limits as specified in the GIRMA member coverage agreement.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the City's insurance coverage during the past three years.

(12) – CONTINGENT LIABILITIES

Amounts received or receivable 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 cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City has stated that it is not involved in any lawsuit that will have a material effect on the financial condition of the City.

(13) – ECONOMIC DEPENDENCY

The City has some economic dependency on three corporations which pay approximately $46,542 or 40% of the real property taxes and 10% of the General Fund's total revenue.

(14) – HOTEL/MOTEL LODGING TAX

Pursuant to an ordinance on June 27, 2005, January 1, 2006 Thomas County began levying a 5% lodging tax in accordance with O.C.G.A. 48-13-51 and expends 50% of the hotel/motel tax collections for the purpose of promoting tourism.

Thomas County paid the City of Coolidge, Georgia $1,924 from their Hotel/Motel Tax Fund in 2013. The City did not spend any of this money in 2013 or 2012.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING FUND STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to account for receipts and disbursements of moneys restricted by law or contract.

Hotel/Motel Tax Fund – To account for tax received from Thomas County, Georgia. The purpose of the tax is to provide resources to promote tourism.

CAPITAL PROJECTS FUNDS

A Capital Project fund is used to account for all receipts and disbursements of moneys for the construction or acquisition of capital facilities and infrastructure

SPLOST 2006 Fund – To account for special purpose sales tax received from Thomas County, Georgia. The purpose of the tax is to provide resources for road and other capital projects.

SPLOST Recreation Fund – To account for special purpose sales tax received from the City of Thomasville, Georgia. The purpose of the tax is to provide resources for improvements to existing recreational facilities.

LMIG Fund – To account for state grant funds and city match funds. The purpose of this grant is to provide resources for paving streets in the City of Coolidge.

CITY OF COOLIDGE, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2013

	Special Revenue Fund	Capital Projects			
	Hotel/Motel Tax Fund	SPLOST 2006 Fund	SPLOST Recreation Fund	LMIG Fund	Total Other Governmental Funds
Assets:					
Cash	$ 11,338	$ 67,950	$ 6,358	$ 18,811	$ 104,457
Intergovernmental receivables	533	-	-	-	533
Total assets	$ 11,871	$ 67,950	$ 6,358	$ 18,811	$ 104,990
Liabilities, deferred inflows and fund balances					
Liabilities:					
Unearned revenue	$ -	$ -	$ -	$ 13,788	$ 13,788
Total liabilities	-	-	-	13,788	13,788
Deferred inflows - taxes	-	-	-	-	-
Fund balances:					
Restricted for:					
Construction of capital assets	-	67,950	6,358	5,023	79,331
Promotion of tourism	11,871	-	-	-	11,871
Total fund balances	11,871	67,950	6,358	5,023	91,202
Total liabilities, deferred inflows and fund balances	$ 11,871	$ 67,950	$ 6,358	$ 18,811	$ 104,990

CITY OF COOLIDGE, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2013

	Special Revenue Fund	Capital Projects			
	Hotel/Motel Tax Fund	SPLOST 2006 Fund	SPLOST Recreation Fund	LMIG Fund	Total Other Governmental Funds
Revenues:					
Sales and use taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	1,924	-	-	-	1,924
Interest Income	-	71	7	23	101
Total revenues	1,924	71	7	23	2,025
Expenditures:					
Capital projects	-	2,929	604	-	3,533
Total expenditures	-	2,929	604	-	3,533
Excess (deficiency) of revenues over expenditures	1,924	(2,858)	(597)	23	(1,508)
Other financing sources (uses):					
Transfers in	-	-	-	5,000	5,000
Transfers (out)	-	(4,596)	-	-	(4,596)
Total other financing sources(uses)	-	(4,596)	-	5,000	404
Net change in fund balances	1,924	(7,454)	(597)	5,023	(1,104)
Fund balances - beginning	9,947	75,404	6,955	-	92,306
Fund balances - ending	$ 11,871	$ 67,950	$ 6,358	$ 5,023	$ 91,202

OTHER SUPPLEMENTARY INFORMATION

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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, of each major fund, and the aggregate remaining fund information of the City of Coolidge, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Coolidge, Georgia's basic financial statements and have issued our report thereon dated April 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Coolidge, 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 Coolidge, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Coolidge, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 96-1, 2013-2 and 2013-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Coolidge, Georgia's financial statements are free from 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2013-1.

The City of Coolidge Georgia's Response to Findings

The City of Coolidge, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Coolidge, 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

April 30, 2014

Prior years findings and responses:

96-1

Condition: The City has a deficiency in its control structure due to lack of segregation of duties.

Effect: The City Clerk performs many of the accounting functions which gives her the ability to control the financial records and reports.

Status: Our test determined that this condition still exists.

Recommendation: The Mayor and City Council should closely monitor and approve the monthly financial activity.

Views of responsible officials and planned corrective actions: The City's management concurs with the finding. The Mayor and City Council will continue to closely monitor and approve the monthly financial activity.

2012-2

Department of Housing and Urban Development

Community Development Block Grant CFDA No. 14.228; grant no. 10p-x-136-2-5302; grant period – year ended December 31, 2012.

Material weakness: The City's control procedures failed to minimize the time elapsing between transfer of funds from the State of Georgia and disbursement.

Statement of condition: The City's drawdown #10 for $104,606.73 was received on November 2, 2012. After the drawdown was received the first disbursement of $101,606.73 was not made until November 12, 2012. Federal funds of $107,606.73 was in the bank account for 10 days.

Criteria: The cash management requires in the OMB Circular A-133 Compliance Supplement states that recipients must follow procedures to minimize the time elapsing between the transfer of funds from the state and disbursement. The Community Development Block Grant recipients handbook written by the Georgia Department of Community Affairs states that a period of three working days or less shall be considered acceptable for any sum more than $5,000.

Cause: The City Clerk did not disburse the federal funds within three days. The City did not have a control procedure that ensured that the City Clerk disbursed the funds within three days.

Effect: The City was not in compliance with Cash Management requirements on funds received on drawdown request #10.

Recommendation: The City should designate a person to make sure that the City Clerk disburses the federal funds within three working days from the time of receipt.

Status: The results of our audit procedures indicate that the Mayor will make sure that the City Clerk disburses the federal funds within three working days from the time of receipt.

CITY OF COOLIDGE, GEORGIA
Schedule of Findings and Responses
For the Year Ended December 31, 2013

Current year findings and responses:

2013-1

Condition: The City's expenditures exceeded appropriations, as amended, in one of the General Fund's departments.

Criteria: Official Code of Georgia (O.C.G.A.). Section 36-81-3: Each unit of local government shall adopt and operate under an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund in use by the local government. Nothing contained in this code section shall preclude a local government from amending its budget so as to adapt to changing governmental needs during the budget period.

Effect: Noncompliance with above statute:

Department	Budget	Actual	Variance
Financial administration	$ 121,339	$ 126,456	$ 5,117

Views of Responsible Officials and Planned Corrective Action: The City's management concurs with the finding. The City will monitor expenditures and appropriations and amend the budgets as needed.

2013-2

Condition: The City Clerk was not reconciling the monthly billing and collection reports from the stand alone utility billing software to the general ledger.

Effect: The utility sales accounts on the general ledgers did not reconcile to the reports from the stand alone utility billing software.

Recommendations: The City Clerk should prepare monthly spreadsheets on collections from the daily collection reports from the stand alone utility billing software. This spreadsheet should then be reconciled monthly to the general ledger.

The City should record utility sales using the accrual basis rather than the cash basis of accounting. This will make it easier to reconcile the general ledger sales accounts to the billing reports from the stand alone utility billing software.

Views of responsible officials and planned correction actions: The City's management concurs with the finding. The City Clerk began preparing the monthly spreadsheets in January 2014 on collections from the daily collection reports from the stand alone utility billing software. She now compares the spreadsheets to the deposits posted to the general ledger. The City Clerk began recording utility sales on the accrual basis of accounting in January 2014. The general ledger sales accounts are now being reconciled to the billing reports from the stand alone utility billing software.

CITY OF COOLIDGE, GEORGIA
Schedule of Findings and Responses
For the Year Ended December 31, 2013

Current year findings and responses:

2013-3

Condition: The City Clerk did not correctly bill penalties on delinquent utility accounts from January 1, 2013 to July 31, 2013. This error was not prevented, detected or corrected on a timely basis by employees in the normal course of performing their assigned functions.

Effect: This error caused the City to collect less penalty revenue.

Recommendations: The City Council should adopt a policy on penalties and cutoff fees. The employees must enforce the policy. The City should carefully review the monthly billings for errors before the utility bills are mailed.

Views of responsible officials and planned corrective actions: The City's management concurs with the finding. The City Council adopted a policy on penalties and cutoff fees on March 10, 2014. The employees were informed that they must enforce the policy. The City Clerk is now reviewing all of the utility bills for errors before they are mailed.

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

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

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the City of Coolidge, Georgia for the year ended December 31, 2013. These schedules are the responsibility of the City of Coolidge's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax 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 Schedules of Special Purpose Local Option Sales Tax are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Options Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Coolidge's revenues and expenditures

In our opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project of the City of Coolidge for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

April 30, 2014

CITY OF COOLIDGE, GEORGIA
Schedule of Special Purpose
Local Option Sales Tax
Year Ended December 31, 2013

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Spray field improvements	$ 100,000	$ 144,000	$ 143,818	$ -	$ 143,818
Misc. water & sewer projects	98,250	150,050	74,570	7,525	82,095
Totals	$ 198,250	$ 294,050	$ 218,388	$ 7,525	$ 225,913

Note: 2006 Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for year ended December 31, 2013 was $ 0.00

CITY OF COOLIDGE, GEORGIA
Schedule of Special Purpose
Local Option Sales Tax
Year Ended December 31, 2013

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreation projects	$ 25,000	$ 18,285	$ 604	$ 18,889
Totals	$ 25,000	$ 18,285	$ 604	$ 18,889

CITY OF COOLIDGE, GEORGIA
Schedule of Special Purpose
Local Option Sales Tax
Year Ended December 31, 2013

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Misc. water & sewer projects	$ 420,000	$ -	$ -	$ -
Totals	$ 420,000	$ -	$ -	$ -

Note: 2012 Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for year ended December 31, 2013 was $68,120.