CITY OF LAKELAND, GEORGIA

ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Lakeland
Lakeland, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Lakeland, Georgia, as of and for the year ended December 31, 2012, 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.

Auditors' 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 the *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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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, each major fund and the remaining fund information of the City of Lakeland, Georgia, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity 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 budgetary comparison information on pages 4 through 12 and 41 through 43 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 the 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 assurances.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakeland, Georgia's financial statements. The accompanying major and nonmajor capital project schedule, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Source and Application of Funds Schedule – CDBG Grants, the Project Cost Schedule – CDBG Grants and the Schedule of State Contractual Assistance are presented for purposes of additional analysis as required by State of Georgia and are not a required part of the financial statements.

The major and nonmajor capital project schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Source and Application of Funds Schedule – CDBG Grants, the Project Cost Schedule – CDBG Grants and the Schedule of State Contractual Assistance 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2013, on our consideration of the City of Lakeland, 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 Lakeland, Georgia's internal control over financial reporting and compliance.

Tillman & Tillman, LLP

Valdosta, Georgia
August 23, 2013

CITY OF LAKELAND, GEORGIA
Management's Discussion and Analysis
Required Supplemental Information
For the Year Ended December 31, 2012

As Management of the City of Lakeland, Georgia, we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the year ending December 31, 2012. We encourage our readers to consider the information presented within this Management's discussion and analysis in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

Financial Highlights

Key financial highlights for 2012 are as follows:

The City's governmental activities assets exceeded its liabilities at December 31, 2012 by $3,745,504 (net assets). Of this amount $649,547 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, unreserved fund balance for the General Fund increased by $119,352 resulting in a fund balance of $649,547.

Net assets for business-type activities increased $69,779 from $2,486,110 to $2,555,889.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the City as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The City's basic financial statements are comprised of three components: the government -wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail that the government-wide statements.

Government-Wide Financial Statements

The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

Statement of Net Assets and the Statement of Activities

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the City's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

In the statement of net assets and the statement of activities, the City is divided into two kinds of activities:

Governmental Activities—Most of the City's programs and services are reported here, including general government, public safety and public works, These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities—These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The City's water and sewer and sanitation operations are reported here.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. Fund financial statements provide detailed information about the City's major funds. Based on the restriction on the use of moneys, the City has established many funds that account for the multitude of services provided to our residents. The City's major governmental fund is the General Fund.

Fund Financial Statements

Governmental Funds—Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds— Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City uses an enterprise fund to account for the Water and Sewer Fund and the Sanitation Fund.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Other Information—In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets:

City of Lakeland's Net Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
Assets							
Current and other assets	$ 827,041	$ 807,508	$1,444,049	$1,411,347	$ 2,271,090	$ 2,218,855	-2.30%
Capital assets, net	3,238,630	2,956,292	4,935,489	4,828,975	8,174,119	7,785,267	-4.76%
Total Assets	**4,065,671**	**3,763,800**	**6,379,538**	**6,240,322**	**10,445,209**	**10,004,122**	**-4.22%**
Liabilities							
Current and other liabilitie	167,162	18,298	300,858	341,597	468,020	359,895	-23.10%
Long-term liabilities	-	-	3,592,570	3,342,836	3,592,570	3,342,836	-6.95%
Total Liabilities	**167,162**	**18,298**	**3,893,428**	**3,684,433**	**4,060,590**	**3,702,731**	**-8.81%**
Net Assets							
Invested in capital assets, net of related debt	3,238,630	2,956,292	1,352,653	1,485,873	4,591,283	4,442,165	-3.25%
Restricted	129,684	139,662	-	-	129,684	139,662	7.69%
Unrestricted	530,195	649,548	1,133,457	1,070,016	1,663,652	1,719,564	3.36%
Total Net Assets	**$ 3,898,509**	**$3,745,502**	**$2,486,110**	**$2,555,889**	**$ 6,384,619**	**$ 6,301,391**	**-1.30%**

As noted earlier, the City's net assets, when reviewed over time, may serve as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by $6,301,391 ($3,745,502 in governmental activities and $2,555,889 in business-type activities) as of December 31, 2012. A portion of the City's net assets (70 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted assets ($1,719,564) may be used to meet the City's ongoing obligations to citizens and creditors.

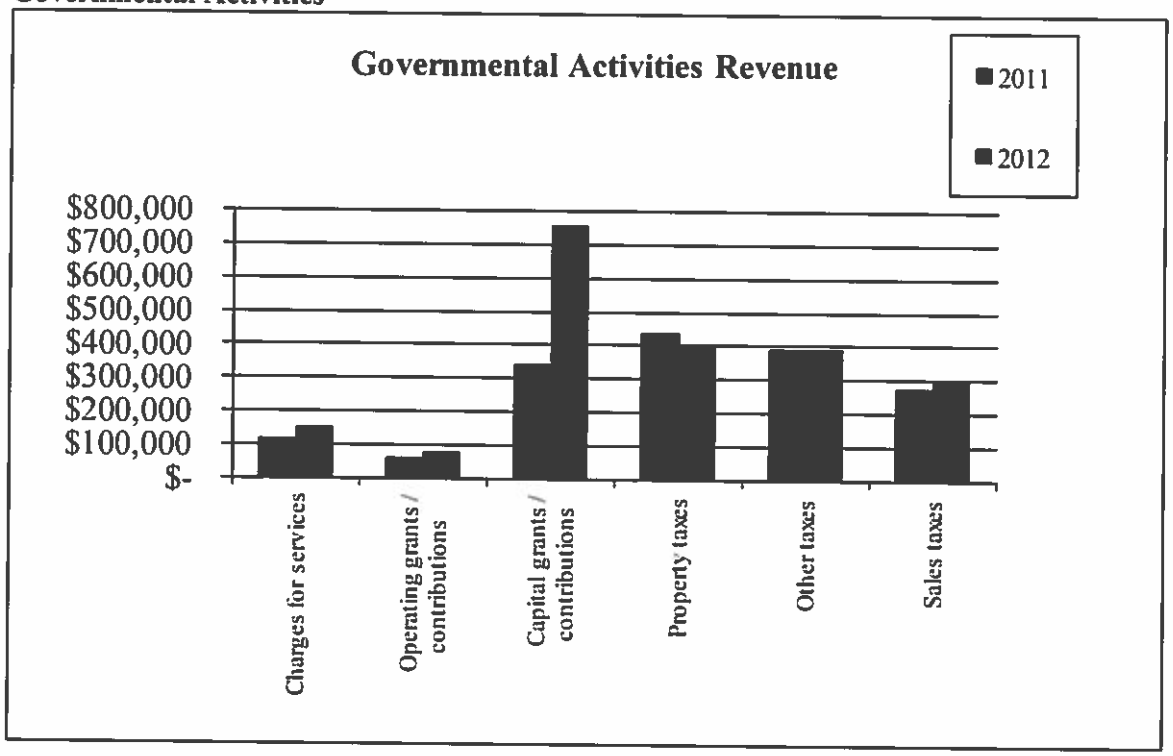
CITY OF LAKELAND, GEORGIA
Management's Discussion and Analysis
Required Supplemental Information
For the Year Ended December 31, 2012

The next table shows the changes in net assets for the year ending December 31, 2012.

City of Lakeland's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
Revenues							
Program Revenues							
Charges for services	$ 117,357	$ 150,279	$ 946,567	$ 943,314	$ 1,063,924	$ 1,093,593	2.79%
Operating grants and contributions	64,340	78,247	3,948	13,199	68,288	91,446	33.91%
Capital grants and contributions	339,346	756,384	500,000	-	839,346	756,384	-9.88%
Total Program Revenues	521,043	984,910	1,450,515	956,513	1,971,558	1,941,423	-1.53%
General Revenues							
Property taxes	433,427	404,778	-	-	433,427	404,778	-6.61%
Interest and penalties	5,477	5,640	-	-	5,477	5,640	2.98%
Alcholic beverage taxes	51,285	2,327	-	-	51,285	2,327	-95.46%
Franchise taxes	178,200	1,108	-	-	178,200	1,108	-99.38%
Insurance premium taxes	157,880	165,036	-	-	157,880	165,036	4.53%
Sales taxes	274,312	295,547	-	-	274,312	295,547	7.74%
Intangible taxes	1,175	57,883	-	-	1,175	57,883	4827.26%
Real estate transfer taxes	387	167,694	-	-	387	167,694	43266.52%
Total General Revenues	1,102,142	1,100,013	-	-	1,102,142	1,100,013	-0.19%
Total Revenues	**1,623,185**	**2,084,923**	**1,450,515**	**956,513**	**3,073,700**	**3,041,436**	**-1.05%**
Program Expenses							
General Government	547,342	389,923	-	-	547,342	389,923	-28.76%
Public safety	472,401	520,924	-	-	472,401	520,924	10.27%
Public works	817,336	1,311,660	-	-	817,336	1,311,660	60.48%
Water and sewer	-	-	590,614	720,722	590,614	720,722	22.03%
Sanitation	-	-	210,890	181,435	210,890	181,435	-13.97%
Total Expenses	1,837,078	2,222,507	801,504	902,157	2,638,582	3,124,664	18.42%
Revenue Over (Under) Expense	**(213,893)**	**(137,584)**	**649,011**	**54,356**	**435,118**	**(83,228)**	**-119.13%**
Transfers	80,495	(15,423)	(80,495)	15,423	-	-	0.00%
Increase (Decrease) in Net Assets	**(133,398)**	**(153,007)**	**568,516**	**69,779**	**435,118**	**(83,228)**	**-119.13%**
Beginning Net Assets, Restated	4,031,907	3,898,509	1,917,594	2,486,110	5,949,501	6,384,619	7.31%
Net Assets, Ending	**$3,898,509**	**$ 3,745,502**	**$2,486,110**	**$2,555,889**	**$ 6,384,619**	**$ 6,301,391**	**-1.30%**

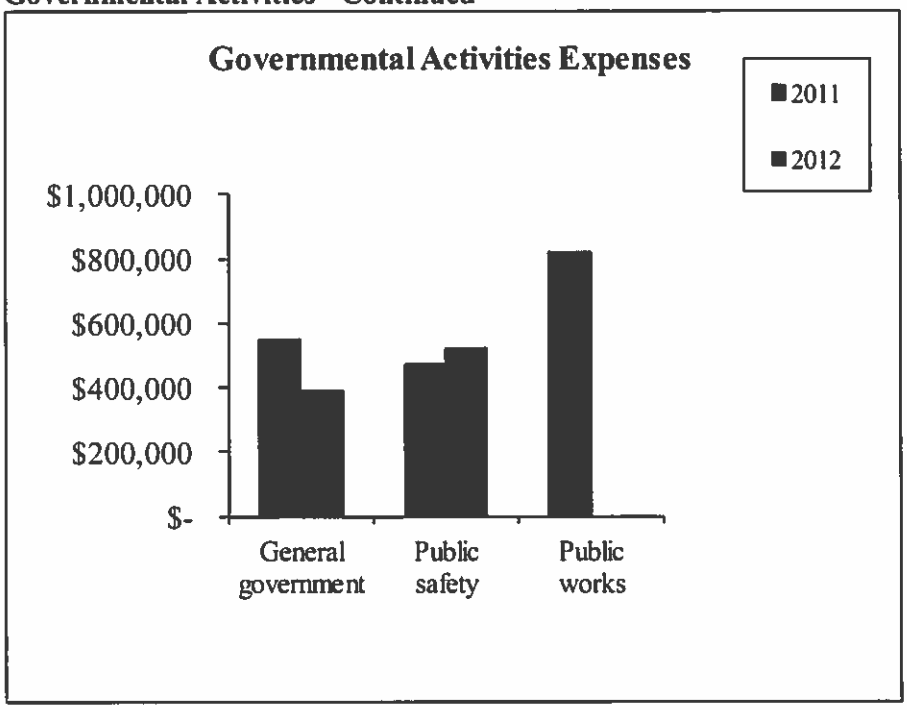
Governmental Activities



The largest portion of the City's program revenue is from capital grants / contributions which accounted for $756,384 or 77% of total program revenues.

Property tax revenues are the major contributor to general revenues and account for $404,778 or 37% of total general revenues. Another major component was sales taxes, which accounted for $295,547 or 27% of total general revenues.

Governmental Activities - Continued



The following table provides the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting these services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Net Cost of City of Lakeland's Governmental Activities

Function	Total Cost of Services 2011	Total Cost of Services 2012	Percentage Change 2011-2012	Net Cost of Services 2011	Net Cost of Services 2012	Percentage Change 2011-2012
General Government	$ 547,342	$ 389,923	-28.76%	$ 441,402	$ 240,706	-45.47%
Public safety	472,401	520,924	10.27%	396,644	441,615	11.34%
Public works	817,336	1,311,660	60.48%	682,179	555,276	-18.60%
Interest on long-term debt	-	-	0.00%	-	-	0.00%
Total	**$ 1,837,079**	**$2,222,507**	**20.98%**	**$1,520,225**	**$1,237,597**	**-18.59%**

Business-Type Activities

The net assets for business-type activities increased by $69,779 during the year ending December 31, 2012. The major source of revenue was from charges for services, which amounted to $ 943,314.

Financial Analysis of City Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of December 31, 2012, the City's governmental funds reported an ending fund balance of $789,210, an increase of $129,331. The amount of unassigned fund balance is $354,000, which is available for spending at the City's discretion but is currently held for adequate fund balance reserves for daily operations.

Enterprise Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer Fund oversees the operations of providing water and sewer services to the City businesses and residence.

The Sanitation Fund accounts for the operations of the City sanitation services to the businesses and residence of the City.

Budgetary Highlights

By State statute, the City Council adopts the annual operating budget for the fiscal year on or before the first day of the fiscal year.

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of December 31, 2012, was $4,442,165 (net of accumulated depreciation and related debt). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery, equipment, vehicles and infrastructure.

Major capital asset events during 2012 included water and sewer system improvements and equipment.

Note 5 (Capital Assets) provides additional information about capital asset activity during 2012.

Debt

At December 31, 2012, the City had total revenue obligation bonded debt outstanding of $1,285,000 and a GEFA note payable balance of $2,307,570.

Notes 7 and 8 provide further information regarding liabilities.

Economic Factors

The City as of December 31, 2012 had approximately three months reserve based on the average monthly expenditures in the fund balance.

Charges for services in the business-type activities decreased by $3,254.

The City is completing a major renovation of aging water lines throughout the City and is continuing to work on sidewalk improvement projects.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lakeland, Georgia, City Clerk, 122 South Valdosta Road, Lakeland, Georgia 31635.

CITY OF LAKELAND, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 203,056	$ 18,896	$ 221,952
Receivables (net of allowance for doubtful accounts)			
Taxes	389,044	-	389,044
Accounts	141,842	111,881	253,723
Grants	7,428	-	7,428
Due from other governments	66,138	-	66,138
Deferred bond cost	-	84,725	84,725
Restricted cash	-	1,195,846	1,195,846
Nondepreciable capital assets	351,592	160,374	511,966
Depreciable capital assets, net	2,604,700	4,668,601	7,273,301
TOTAL ASSETS	3,763,800	6,240,322	10,004,122
LIABILTIES			
Accounts payable	16,133	39,951	56,084
Accrued liabilities	2,165	-	2,165
Payable from restricted assets:			
Customer deposits	-	43,260	43,260
Current portion of bonds payable	-	125,000	125,000
Current portion of notes payable	-	124,734	124,734
Accrued interest on bonds payable	-	8,652	8,652
Long-term liabilities:			
Due in more than one year			
Bonds payable	-	1,160,000	1,160,000
Notes payable	-	2,182,836	2,182,836
TOTAL LIABILITIES	18,298	3,684,433	3,702,731
NET ASSETS			
Invested in capital assets, net of related debt	2,956,292	1,485,873	4,442,165
Restricted for capital projects	139,662	-	139,662
Unrestricted	649,548	1,070,016	1,719,564
TOTAL NET ASSETS	$ 3,745,502	$ 2,555,889	$ 6,301,391

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

CITY OF LAKELAND, GEORGIA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2012

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities							
General Government	$ 389,923	$ 70,970	$ 78,247	$ -	$ (240,706)	$ -	$ (240,706)
Public Safety	520,924	79,309	-	-	(441,615)	-	(441,615)
Public Works	1,311,660	-	-	756,384	(555,276)	-	(555,276)
Total Governmental Activities	2,222,507	150,279	78,247	756,384	(1,237,597)	-	(1,237,597)
Business-Type Activities							
Water and Sewer	720,722	713,997	13,139	-	-	6,414	6,414
Sanitation	181,435	229,317	60	-	-	47,942	47,942
Total Business-Type Activitie	902,157	943,314	13,199	-	-	54,356	54,356
Total	$ 3,124,664	$ 1,093,593	$ 91,446	$ 756,384	$ (1,237,597)	$ 54,356	$ (1,183,241)
General Revenues							
Property Taxes Levied for:							
General Operating					404,778	-	404,778
Interest and Penalties					5,640	-	5,640
Alcholic Beverage Taxes					2,327	-	2,327
Franchise Taxes					1,108	-	1,108
Insurance Premium Taxes					165,036	-	165,036
Sales Taxes					295,547	-	295,547
Intangible Taxes					57,883	-	57,883
Real Estate Transfer Taxes					167,694	-	167,694
Total General Revenue					1,100,013	-	1,100,013
Excess (Deficit) Before Transfers					(137,584)	54,356	(83,228)
Transfers In (Out)					(15,423)	15,423	-
Changes In Net Assets					(153,007)	69,779	(83,228)
Net Assets, Beginning of Year					3,898,509	2,486,110	6,384,619
Net Assets End of Year					$ 3,745,502	$ 2,555,889	$ 6,301,391

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

CITY OF LAKELAND, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2012

	General	Capital Projects Funds: Special Purpose Local Option Sales Tax	Capital Projects Funds: 2010 CDBG Grant Fund	Other Governmental Fund	Total
ASSETS					
Cash and cash equivalents	$ 70,105	$ 128,442	$ 692	$ 3,817	$203,056
Receivables (net of allowance for doubtful accounts):					
Taxes	369,880	19,164	-	-	389,044
Accounts	141,842	-	-	-	141,842
Grant	7,428	-	-	-	7,428
Due from other governments	66,138	-	-	-	66,138
TOTAL ASSETS	655,393	147,606	692	3,817	807,508
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 3,681	$ 12,452	$ -	$ -	$ 16,133
Accrued liabilities	2,165	-	-	-	2,165
TOTAL LIABILITIES	5,846	12,452	-	-	18,298
FUND BALANCES					
Restricted for capital projects	-	135,154	692	3,817	139,662
Assigned for:					
Property tax roll back	295,547	-	-	-	295,547
Unassigned reported in:					
General Fund	354,000	-	-	-	354,000
TOTAL FUND BALANCES	649,547	135,154	692	3,817	789,210
TOTAL LIABILITIES AND FUND BALANCES	$ 655,393	$ 147,606	$ 692	$ 3,817	$807,508

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

CITY OF LAKELAND, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2012

Total Governmental Funds Balances	$	789,210
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,956,292
Net Assets of Governmental Activities	$	3,745,502

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

CITY OF LAKELAND, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2012

	General	Capital Projects Funds: Special Purpose Local Option Sales Tax	Capital Projects Funds: 2010 CDBG Grant Fund	Other Governmental Fund	Total
REVENUES					
Taxes	$ 1,100,014	$ -	$ -	$ -	$1,100,014
Licenses and permits	68,994	-	-	-	68,994
Intergovernmental revenues	124,485	202,913	443,906	9,202	780,506
Charges for services	5,145	-	-	-	5,145
Fines and forfeitures	79,309	-	-	-	79,309
Miscellaneous	53,599	527	-	-	54,126
TOTAL REVENUES	$ 1,431,546	$ 203,440	$ 443,906	$ 9,202	$2,088,094
EXPENDITURES					
Current					
General Government	373,295	-	-	-	373,295
Public safety	514,953	-	-	-	514,953
Public works	306,921	299,444	443,342	5,385	1,055,092
TOTAL EXPENDITURES	1,195,169	299,444	443,342	5,385	1,943,340
EXCESS OF REVENUES (UNDER) EXPENDITURES	236,377	(96,004)	564	3,817	144,754
OTHER FINANCING SOURCES (USES):					
Transfer In (Out)	(117,025)	101,602	-	-	(15,423)
TOTAL OTHER FINANCING SOURCES (USES	(117,025)	101,602	-	-	(15,423)
NET CHANGES IN FUND BALANCE	119,352	5,598	564	3,817	129,331
FUND BALANCES AT BEGINNING OF YEAR	530,195	129,556	128	-	659,879
FUND BALANCES AT END OF YEAR	$ 649,547	$ 135,154	$ 692	$ 3,817	$ 789,210

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

CITY OF LAKELAND, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds		$ 129,331
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:		
Capital outlay - depreciable capital assets	261,374	
Depreciation	(540,542)	
		(279,168)
Loss on sale of capital asset		(3,170)
Changes in Net Assets of Governmental Activities		$ (153,007)

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

CITY OF LAKELAND, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2012

	Business-Type Activities Enterprise Fund		
	Water and Sewer Fund	Sanitation Fund	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 18,160	$ 736	$ 18,896
Accounts receivable	80,862	33,445	114,307
Allowance for doubtful accounts	(2,426)	-	(2,426)
Deferred bond cost	84,725	-	84,725
Restriced Cash			
CDBG Sewer Grant	4,458	-	4,458
Customer deposits account	83,786	-	83,786
Debt service funds	304,525	-	304,525
Renewal and extension	680,625	-	680,625
Revenue bond sinking accounts	122,452	-	122,452
TOTAL CURRENT ASSETS	1,377,167	34,180	1,411,347
NONCURRENT ASSETS			
Capital Assets			
Land	160,374	-	160,374
Depreciable capital assets, net	4,651,089	17,512	4,668,601
TOTAL NONCURRENT ASSETS	4,811,463	17,512	4,828,975
TOTAL ASSETS	$ 6,188,630	$ 51,692	$ 6,240,322

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

CITY OF LAKELAND, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending December 31, 2012

	Budgeted Amounts			Variance With Final Budger
	Original	Final	Actual	Over (Under)
REVENUE				
Taxes	$ 1,151,359	$ 1,151,359	$ 1,100,014	$ (51,345)
Licenses and permits	37,000	37,000	68,994	31,994
Intergovernmental	11,720	11,720	124,485	112,765
Charges for services	3,000	3,000	5,145	2,145
Fines and forfeitures	78,160	78,160	79,309	1,149
Miscellaneous	35,975	35,975	53,599	17,624
TOTAL REVENUE	1,317,214	1,317,214	1,431,546	114,332
EXPENDITURES				
GENERAL GOVERNMENT				
City Council				
Personal services	9,600	9,600	8,900	(700)
Other services and charges	14,000	14,000	19,854	5,854
	23,600	23,600	28,754	5,154
General Government				
Personal services	120,830	120,830	126,343	5,513
Supplies	6,500	6,500	6,688	188
Other services and charges	229,132	229,132	195,455	(33,677)
Capital outlay	10,000	10,000	16,055	6,055
	366,462	366,462	344,541	(21,921)
TOTAL GENERAL GOVERNMENT	390,062	390,062	373,295	(16,767)
PUBLIC SAFETY				
Police Department				
Personal services	306,775	306,775	292,530	(14,245)
Supplies	12,000	12,000	13,977	1,977
Other services and charges	134,680	134,680	105,564	(29,116)
Capital outlay	10,400	10,400	8,400	(2,000)
	463,855	463,855	420,471	(43,384)

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

CITY OF LAKELAND, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending December 31, 2012

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
Animal Control				
Personal services	26,440	26,440	21,588	(4,852)
Supplies	3,000	3,000	5,236	2,236
Other services and charges	7,850	7,850	4,561	(3,289)
	37,290	37,290	31,385	(5,905)
Fire Department				
Personal services	20,320	20,320	12,495	(7,825)
Supplies	12,165	12,165	13,728	1,563
Other services and charges	15,050	15,050	31,345	16,295
Capital outlay	-	-	5,529	5,529
	47,535	47,535	63,097	15,562
TOTAL PUBLIC SAFETY	548,680	548,680	514,953	(33,727)
PUBLIC WORKS				
Road Maintenance				
Personal services	155,743	155,743	107,006	(48,737)
Supplies	24,300	24,300	25,038	738
Other services and charges	158,430	158,430	125,091	(33,339)
Capital outlay	40,000	40,000	49,786	9,786
TOTAL PUBLIC WORKS	378,473	378,473	306,921	(71,552)
TOTAL EXPENDITURES	1,317,214	1,317,214	1,195,169	(122,045)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	236,377	236,377
OTHER FINANCING SOURCES (USES):				
Transfer In (Out)	-	-	(117,025)	(117,025)
TOTAL OTHER FINANCING SOURCES	-	-	(117,025)	(117,025)
NET CHANGES IN FUND BALANCE	-	-	119,352	119,352
FUND BALANCE, BEGINNING OF YEAR	-	-	530,195	530,195
FUND BALANCE, END OF YEAR	$ -	$ -	$ 649,547	$ 651,874

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

CITY OF LAKELAND, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended December 31, 2012

Note 1 – Budgetary Basis of Accounting

While reporting of financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the Budgetary Basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund is presented on the Budgetary Basis to provide meaningful comparison of actual results with the budget. There were no differences between the Budgetary Basis and GAAP for this fiscal year.

MAJOR AND NONMAJOR CAPITAL PROJECT FUND SCHEDULES

CITY OF LAKELAND, GEORGIA
MAJOR CAPITAL PROJECTS SPECIAL PURPOSE LOCAL OPTION SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending December 31, 2012

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Taxes	$ 189,222	$ 189,222	$ 202,913	$ 13,691
Investment income	257	257	527	270
TOTAL REVENUES	189,479	189,479	203,440	13,961
EXPENDITURES				
Current				
Public works	189,479	189,479	299,444	109,965
TOTAL EXPENDITURES	189,479	189,479	299,444	109,965
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(96,004)	(96,004)
OTHER FINANCING SOURCES (USES):				
Transfer In	-	-	101,602	101,602
TOTAL OTHER FINANCING SOURCES	-	-	101,602	101,602
NET CHANGES IN FUND BALANCE	-	-	5,598	5,598
FUND BALANCE , RESTATED	-	-	129,556	129,556
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 135,154	$ 135,154

See independent auditors' report.

CITY OF LAKELAND, GEORGIA
MAJOR CAPITAL PROJECTS 2010 CDBG GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending December 31, 2012

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental revenues	$ 461,128	$ 461,128	$ 443,906	$ (17,222)
TOTAL REVENUES	461,128	461,128	443,906	(17,222)
EXPENDITURES				
Current:				
Public works	461,128	461,128	443,342	(17,786)
TOTAL EXPENDITURES	461,128	461,128	443,342	(17,786)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	564	564
FUND BALANCE AT BEGINNING OF YEAR	-	-	128	128
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 692	$ 692

See the independent auditors' report.

CITY OF LAKELAND, GEORGIA
ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
December 31, 2012

	Capital Project 2012 CDBG Grant Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash	$ 3,817	$ 3,817
TOTAL ASSETS	$ 3,817	$ 3,817
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ -	$ -
TOTAL LIABILITIES	-	-
FUND BALANCES		
Restricted for capital projects	3,817	3,817
TOTAL FUND BALANCE	3,817	3,817
TOTAL LIABILITIES AND FUND BALANCE	$ 3,817	$ 3,817

See independent auditors' report.

CITY OF LAKELAND, GEORGIA
ALL NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
December 31, 2012

	Capital Project 2012 CDBG Grant Fund	Total Nonmajor Governmental Funds
REVENUES		
Intergovernmental	$ 9,202	$ 9,202
TOTAL REVENUES	9,202	9,202
EXPENDITURES		
Public works	5,385	5,385
TOTAL EXPENDITURES	5,385	5,385
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,817	3,817
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	$ 3,817	$ 3,817

See independent auditors' report.

CITY OF LAKELAND, GEORGIA
NONMAJOR CAPITAL PROJECTS 2012 CDBG GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending December 31, 2012

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental revenues	$ 473,075	$ 473,075	$ 9,202	$ (463,873)
TOTAL REVENUES	473,075	473,075	9,202	(463,873)
EXPENDITURES				
Current:				
Public works	473,075	473,075	5,385	(467,690)
TOTAL EXPENDITURES	473,075	473,075	5,385	(467,690)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	3,817	3,817
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 3,817	$ 3,817

See the independent auditors' report.

COMPLIANCE SECTION

CITY OF LAKE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
Year Ended December 31, 2012

	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Roads, streets and bridge purposes	$1,885,000	$ 679,099	$ 299,444	$ 978,543	51.91%
Totals	$1,885,000	$ 679,099	$ 299,444	$ 978,543	

See independent auditors' report.

SOURCE and APPLICATION OF FUNDS SCHEDULE
Community Development Block Grant

City of Lakeland, Georgia

10p-x-086-2-5260

For the Period Ending: December 31, 2012
Cumulative

I. Total Fiscal Year 2010 CDBG Funds Awarded to Recipient:	$	499,522
II. Total Amount of Drawdown by Recipient from DCA:	$	482,428
III. Less: CDBG Funds Expended by Recipient:	$	481,736
IV. Amount of Fiscal Year 2010 CDBG Funds held by Recipient:	$	692

See independent auditors' report.

SOURCE and APPLICATION OF FUNDS SCHEDULE
Community Development Block Grant

City of Lakeland, Georgia

12p-x-086-2-5511

For the Period Ending: December 31, 2012
Cumulative

I. Total Fiscal Year 2012 CDBG Funds Awarded to Recipient:	$	473,075
II. Total Amount of Drawdown by Recipient from DCA:	$	9,202
III. Less: CDBG Funds Expended by Recipient:	$	5,385
IV. Amount of Fiscal Year 2012 CDBG Funds held by Recipient:	$	3,817

See independent auditors' report.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROJECT COST SCHEDULE

Recipient: City of Lakeland Georgia

Grant #: 10p-x-086-2-5260

For the Period Ending: December 31, 2012

Program Activity	CDBG Activity Number	Latest Approved Budget	Accumulative CDGB Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total of Expenditures To Date	Questioned Costs
Contingencies	C-022-00	$ 26,417	$ -	$ -	$ -	$ -
Engineering - Water/Sewer	T-03J-00	$ 37,836	$ 35,665	$ -	$ 35,665	$ -
Sewer Facilities	P-03J-02	$ 405,298	$ 419,171	$ -	$ 419,171	$ -
Administration	A-21A-00	$ 29,971	$ 26,900	$ -	$ 26,900	$ -
TOTAL		$ 499,522	$ 481,736	$ -	$ 481,736	$ -

See independent auditors' report.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROJECT COST SCHEDULE

Recipient: City of Lakeland Georgia

Grant #: 12p-x-086-2-5511

For the Period Ending: December 31, 2012

Program Activity	CDBG Activity Number	Latest Approved Budget	Accumulative CDGB Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total of Expenditures To Date	Questioned Costs
Contingencies	C-022-00	$ 26,425	$ -	$ -	$ -	$ -
Engineering - Water/Sewer	T-03J-00	$ 27,850	$ 5,385	$ -	$ 5,385	$ -
Sewer Facilities	P-03J-02	$ 390,415	$ -	$ -	$ -	$ -
Administration	A-21A-00	$ 28,385	$ -	$ -	$ -	$ -
TOTAL		$ 473,075	$ 5,385	$ -	$ 5,385	$ -

See independent auditors' report.

CITY OF LAKELAND, GEORGIA
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
Year Ended December 31, 2012

	Contract Number	Revenue	Expenditures	Due (To) From State
Passed through the Georgia Department of Community Affairs CDBG Grant	10p-x-086-2-5260	443,913	443,342	-
Passed through the Georgia Department of Community Affairs CDBG Grant	12p-x-086-2-5511	9,202	5,385	-
Passed through the Georgia Department of Transportation	E30713-08-000-0	107,881	32,411	-
Total		$ 560,996	$ 481,138	$ -

See independent auditor's report.

Tillman & Tillman, LLP
Certified Public Accountants & Consultants

Joseph H. Tillman, CPA
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H. Harrison Tillman, Sr., CPA (1927-2010)

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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 Council
City of Lakeland, 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, each major fund, and the remaining fund information of the City of Lakeland, Georgia as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon, dated August 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lakeland, 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 Lakeland, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lakeland, 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 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies n internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lakeland, 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing 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.

Tillman & Tillman LLP

Tillman & Tillman, LLP

August 23, 2013
Valdosta, Georgia

CITY OF LAKELAND, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unqualified
Internal control over financial reporting		
Material weakness identified?	_____Yes	__X__No
Significant deficiencies identified not considered to be a material weakness?	_____Yes	__X__None reported
Noncompliance material to financial statements noted?	_____Yes	__X__No

Section II - Financial Findings

No matters reported in current year or prior year.