CITY OF MONTEZUMA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

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CITY OF MONTEZUMA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

March 21, 2014

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Montezuma, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montezuma, Georgia (the "City") as of and for the year ended September 30, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montezuma, Georgia, as of September 30, 2013, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* will be adopted in the 2014 fiscal year and was not early adopted for the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 10) and the Schedule of Funding Progress for the Retirement Plan (on page 42) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and supplementary data schedules, and the schedule of projects undertaken with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 as a whole.

In the conduct of our audit, we verified and tested expenditures of the projects of the City of Montezuma, Georgia, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. The accompanying schedule of the projects undertaken with special sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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 March 21, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Butler, Williams & Hyche, LLC

Macon, GA

As the City Clerk of the City of Montezuma, I offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Montezuma for the fiscal year ended September 30, 2013.

Financial Highlights

- The net position at the government-wide level increased by $928 thousand; the decrease in the governmental activities was $199 thousand and the increase in the business-type activities was $1.13 million. The prior year decrease in the government-wide net position was $98 thousand.
- The assets of the City of Montezuma exceeded its liabilities at the fiscal year ended September 30, 2013 by approximately $10.27 million (net position). The governmental activities reflect $701 thousand in unrestricted net position that may be used to meet the City's ongoing obligations to citizens including the purchase of capital equipment.
- As of the close of the fiscal year 2013, Montezuma's governmental funds reported a combined ending fund balance of approximately $ 1.40 million, an increase of approximately $37 thousand from the prior fiscal year. Approximately 36% of the total combined fund balance is unassigned and is therefore available for spending at the City's discretion.
- At the end of the Fiscal Year 2013, unassigned fund balance for the general fund was approximately $510 thousand or 23% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Montezuma's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information, in addition to the basic statements themselves.

The 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. The Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Position presents information showing how the City's net position changed during fiscal year 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expense are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities such as the general fund) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities such as the water fund). The governmental activities of the City include: General Government, Judicial, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Housing and Development, and Economic Development. The business-type activities of the City include: Water System, Sewer System, Solid Waste Collection, Airport, Fire and Emergency and Stormwater.

The government-wide financial statements include not only the City itself, but also the *Downtown Development Authority* financial information. This *component unit* is reported separately from the financial information presented for the primary City government itself.

The government-wide financial statements can be found on pages 11 through 13 of this report.

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 objectives. The City of Montezuma, 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 three categories: governmental funds, proprietary funds and fiduciary funds:

- Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of 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 in the government-wide financial statements. By doing so, one may better understand the long-term impact of the City's near-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 the comparison between governmental activities and governmental funds.

  The City of Montezuma maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the 2011-2016 SPLOST Fund, all of which are considered to be major funds. 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 located after the notes to the financial statements.

  The City of Montezuma adopts an annual departmental budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund funds to demonstrate compliance with their budgets.

- Proprietary Funds: The City of Montezuma maintains seven proprietary funds - six enterprise funds and one internal service fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses Enterprise Funds to account for its water, sewer, solid waste, airport, fire and emergency and stormwater activity. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Self Funded Health Insurance Program for its employees and the City of Oglethorpe.

- Fiduciary Funds: *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of the fund are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund: The Library Endowment Fund. The fiduciary fund financial statements can be found on pages 23 and 24 of this report.

    - Notes to the Financial Statements: The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25 through 41 of this report.

    - Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 42 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Montezuma, assets exceeded liabilities by approximately $ 10.27 million at the close of the fiscal year on September 30, 2013. A significant portion of the City's net position (96%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress), less any related debt used to acquire those capital 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 following is a condensed version of the City's Statement of Net Position:

	Governmental Activities		Primary Government Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
ASSETS						
Current and Other Assets	$1,605,679	$1,748,433	$ (439,985)	$ (247,385)	$1,165,694	$1,501,048
Capital Assets (net of accumulated depreciation)	3,943,441	3,677,284	7,504,848	8,557,059	11,448,289	12,234,343
Total Assets	$5,549,120	$5,425,717	$7,064,863	$8,309,674	$12,613,983	$13,735,391
LIABILITIES						
Long Term Liabilities	$ 203,412	$ 187,343	$2,281,247	$2,142,430	$2,484,659	$2,329,773
Other Liabilities	307,074	398,595	476,329	732,992	783,403	1,131,587
Total Liabilities	$510,486	$585,938	$2,757,576	$2,875,422	$3,268,062	$3,461,360
NET POSITION						
Net Investment in Capital Assets	$3,876,321	$3,643,220	$5,023,169	$6,141,369	$8,899,490	$9,784,589
Restricted for Loans, Capital Improvements and TSPLOST	511,602	495,931	-	-	511,602	495,931
Unrestricted	650,711	700,628	(715,882)	(707,117)	(65,171)	(6,489)
Total Net Position	5,038,634	4,839,779	$4,307,287	$5,434,252	$9,345,921	$10,274,031

A portion of the City's net position (5%) represents resources that are subject to external restrictions on how they may be used. The unrestricted governmental net position of approximately $701 thousand may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of fiscal year 2013, the City is reporting positive balances, in all three categories of net position, in the governmental activities section. The same situation held true in the prior fiscal year.

The City's net position increased by approximately $928 thousand during fiscal year 2013 as discussed below.

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for Services	$ 109,445	$ 139,227	$ 1,825,074	$ 2,283,703	$ 1,934,519	$ 2,422,930
Operating Grants	25,051	12,959	-	8,831	25,051	21,790
Capital Grants	-	902,192	364,038	450,321	364,038	1,352,513
General:						
Taxes	1,980,609	1,593,031	-	-	1,980,609	1,593,031
Other	50,508	30,325	97	39,493	50,605	69,818
Total Revenues	2,165,613	2,677,734	2,189,209	2,782,348	4,354,822	5,460,082
Expenses:						
General government	566,971	633,772	-	-	566,971	633,772
Judicial	38,486	42,410	-	-	38,486	42,410
Public Safety	1,188,464	809,059	-	-	1,188,464	809,059
Public Works	501,387	446,542	-	-	501,387	446,542
Health & Welfare	11,850	23,782	-	-	11,850	23,782
Culture & Recreation	209,695	204,007	-	-	209,695	204,007
Housing & Development	7,607	9,381	-	-	7,607	9,381
Economic Development	168,300	19,288	-	-	168,300	19,288
Interest on Long-Term Debt	3,026	1,548	-	-	3,026	1,548
Water			394,392	481,457	394,392	481,457
Sewer			862,822	853,868	862,822	853,868
Solid Waste			478,486	514,232	478,486	514,232
Airport			21,683	21,787	21,683	21,787
Fire & Emergency			-	405,262	-	405,262
Stormwater			-	65,574	-	65,574
Total Expenses	2,695,786	2,189,789	1,757,383	2,342,181	4,453,169	4,531,970
Excess (Deficiency)	(530,173)	487,945	431,826	440,167	(98,347)	928,112
Transfers	(282,601)	(1,023,543)	282,601	1,023,543	-	-
Indirect Cost Allocation	324,390	336,743	(324,390)	(336,743)	-	-
Change in Net Position	(488,384)	(198,855)	390,037	1,126,967	(98,347)	928,112
Beginning Net Position	5,527,018	5,038,634	3,917,250	4,307,287	9,444,268	9,345,921
Ending Net Position	$ 5,038,634	$ 4,839,779	$ 4,307,287	$ 5,434,254	$ 9,345,921	$ 10,274,033

Governmental activities. Governmental activities decreased the City's net position by approximately $199 thousand. The governmental activities transferred $1.02 million to the business-type activities; had these transfers not been made, the governmental activities would have reflected an increase in net position of approximately $825 thousand. The SPLOST fund began recognizing tax revenue in the fall of 2010.

Business-type activities. Business–type activities increased the City's net position by approximately $1.13 million (including the $278 thousand transfers from the SPLOST fund; capital contributions from the CDBG grants of $359 thousand, $91 thousand in an airport grant, and $756 thousand in capital asset transfers of governmental assets). The business-type activities would have yielded a decrease in net position of approximately $354 thousand had the transfers in and grants not occurred.

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, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the fiscal year end.

As of the end of the fiscal year 2013, the City's governmental funds reported combined ending fund balances of approximately $1.4 million, an increase of approximately $37 thousand when compared with the prior year.

The General Fund is the chief operating fund of the City of Montezuma. At the end of the fiscal year 2013, unassigned fund balance of the General Fund was $510 thousand and the total fund balance was approximately $909 thousand. Unassigned fund balance represents approximately 23% of total General Fund expenditures.

The fund balance of the City's General Fund increased by $53 thousand from the prior fiscal year.

Proprietary funds. The City's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail. Unrestricted combined net position of the Water fund, Sewer Fund, Solid Waste Fund, Airport Fund, Fire and Emergency Fund and Stormwater Fund at the end of fiscal year 2013 amounted to a deficit of approximately $707 thousand. The increase in net position for the combined enterprise funds totaled $1.13 million for the present fiscal year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to an increase in appropriations of approximately $307 thousand.

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to approximately $12.2 million (net of accumulated depreciation). This investment in capital assets includes: land, public buildings, improvements, water and wastewater plants, machinery and equipment, infrastructure and construction in progress.

Details of the City's capital assets are contained the Notes to the Financial Statements found in note III. 5. Total governmental depreciation expense was $154 thousand and total enterprise depreciation expense was $454 thousand.

Long term debt: At the end of the current fiscal year, the City had total debt payable to Georgia Environmental Facilities Authority of approximately $2.13 million.

Net pension obligation, which represents the underfunding of the annually required contributions to the defined benefit plan, totaled $253 thousand.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements section (see III. 6.).

Economic Factors and Next Year's Budget

The unemployment rate remains high in the State of Georgia and the State's fiscal challenges means that the City can expect it to be more difficult to obtain state assistance. Nevertheless, the City did receive approval of an additional $500 thousand CDBG grant for water improvements; these funds will be recognized in fiscal year 2013 and 2014.

Mayor and Council approved a millage rate of 10.5 mills for the 2012 tax digest which was collected mainly in late 2012.

Requests for information:
This financial report is designed to provide a general overview of the City of Montezuma's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to Joyce Hardy, City Clerk, 478-472-8144.

BASIC FINANCIAL STATEMENTS

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CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and Cash Equivalents	$ 188,594	$ 97,161	$ 285,755	$ 26,254
Accounts Receivable (net)	13,024	314,208	327,232	-
Interest Receivable	1,283	-	1,283	-
Taxes Receivable (net)	8,274	-	8,274	-
Loans Receivable (net)	379,438	-	379,438	-
Internal Balances	712,415	(712,415)	-	-
Intergovernmental Receivable	445,405	42,000	487,405	-
Restricted Assets:				
Cash	-	3,796	3,796	-
Unamortized Debt Issue Costs	-	7,865	7,865	-
Capital Assets (not subject to depreciation)	371,537	1,379,442	1,750,979	111,770
Capital Assets (net of accumulated depreciation)	3,305,747	7,177,617	10,483,364	270,368
Total Assets	5,425,717	8,309,674	13,735,391	408,392
LIABILITIES				
Accounts Payable	279,971	219,375	499,346	-
Accrued Interest Payable	606	9,997	10,603	-
Accrued Wages Payable and Payroll Taxes	39,052	38,658	77,710	-
Accrued Compensated Absences	44,902	31,150	76,052	-
Customer Deposits	-	76,113	76,113	375
Capital Leases Payable	34,064	77,256	111,320	-
Notes Payable	-	280,441	280,441	-
Noncurrent Liabilities, due in one year or more:				
Net Pension Obligation	168,099	84,437	252,536	-
Accrued Compensated Absences	19,244	-	19,244	-
Capital Leases Payable	-	203,532	203,532	-
Notes Payable	-	1,854,461	1,854,461	-
Total Liabilities	585,938	2,875,420	3,461,358	375
NET POSITION				
Net Investments in Capital Assets	3,643,220	6,141,369	9,784,589	382,138
Restricted for:				
Capital Projects	39,072	-	39,072	-
Loans	406,639	-	406,639	-
TSPLOST	48,085	-	48,085	
Hotel Motel Tax	2,135	-	2,135	-
Unrestricted	700,628	(707,115)	(6,487)	25,879
Total Net Position	$ 4,839,779	$ 5,434,254	$ 10,274,033	$ 408,017

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 633,772	$ (336,743)	$ 36,747	$ 12,908	$ 20,761
Judicial	42,410	-	-	-	-
Public Safety	809,059	-	75,394	-	48,773
Public Works	446,542	-	17,388	-	417,560
Health and Welfare	23,782	-	-	-	6,850
Culture and Recreation	204,007	-	4,002	51	408,248
Housing and Development	9,381	-	-	-	-
Economic Development	19,288	-	5,696	-	-
Interest on Long-Term Debt	1,548	-	-	-	-
Total Governmental Activities	2,189,789	(336,743)	139,227	12,959	902,192
Business-type Activities:					
Water	481,457	112,248	490,645	-	245,205
Sewer	853,868	112,248	1,146,305	-	114,162
Solid Waste	514,232	112,248	423,385	-	-
Airport	21,787	-	9,825	-	90,954
Fire & Emergency	405,262	-	213,543	8,831	-
Stormwater	65,574	-	-	-	-
Total Business-type Activities	2,342,181	336,743	2,283,703	8,831	450,321
Total Primary Government	$ 4,531,970	$ -	$ 2,422,930	$ 21,790	$ 1,352,513
Component Unit:					
Development Authority	21,077	-	1,800	27,676	-
Total Component Unit	$ 21,077	$ -	$ 1,800	$ 27,676	$ -

General Revenues:
- Property Taxes
- Sales Tax
- Franchise Tax
- Insurance Premium Tax
- Alcoholic Beverage Tax
- Hotel/Motel Taxes
- Other Taxes
- Unrestricted Investment Earnings
- Miscellaneous

Transfers
Total General Revenues and Transfers
Changes in Net Position
Net Position - Beginning
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Development Authority
$ (226,613)	$ -	$ (226,613)	
(42,410)	-	(42,410)	
(684,892)	-	(684,892)	
(11,594)	-	(11,594)	
(16,932)	-	(16,932)	
208,294	-	208,294	
(9,381)	-	(9,381)	
(13,592)	-	(13,592)	
(1,548)	-	(1,548)	
(798,668)	-	(798,668)	
-	142,145	142,145	
-	294,351	294,351	
-	(203,095)	(203,095)	
-	78,992	78,992	
-	(182,888)	(182,888)	
-	(65,574)	(65,574)	
-	63,931	63,931	
(798,668)	63,931	(734,737)	
-	-	-	$ 8,399
-	-	-	8,399
732,407	-	732,407	-
339,398	-	339,398	-
269,747	-	269,747	-
172,430	-	172,430	-
50,997	-	50,997	-
12,103	-	12,103	-
15,949	-	15,949	-
112	122	234	3
30,213	39,371	69,584	
(1,023,543)	1,023,543	-	-
599,813	1,063,036	1,662,849	3
(198,855)	1,126,967	928,112	8,402
5,038,634	4,307,287	9,345,921	399,615
$ 4,839,779	$ 5,434,254	$ 10,274,033	$ 408,017

CITY OF MONTEZUMA, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2013

	General Fund	2011-2016 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 48,468	$ 62,551	$ 71,970	$ 182,989
Taxes Receivable (net)	8,274	-	-	8,274
Accounts Receivable (net)	9,642	-	1,529	11,171
Interest Receivable	-	-	1,283	1,283
Loans Receivable (net)	-	-	379,438	379,438
Due from Other Funds	874,469	-	-	874,469
Due from Other Governments	238,568	72,090	5,111	315,769
Advances to Other Funds	398,733	-	-	398,733
Total Assets	$ 1,578,154	$ 134,641	$ 459,331	$ 2,172,126
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and Contracts Payable	$ 193,956	$ 70,829	$ -	$ 264,785
Accrued Wages and Payroll Taxes Payable	39,052	-	-	39,052
Due to Other Funds	435,949	-	2,472	438,421
Escrowed Funds	459	-	-	459
Deferred Revenues	-	24,740	-	24,740
Total Liabilities	669,416	95,569	2,472	767,457
Fund Balances:				
Nonspendable:				
Advances to Other Funds	398,733	-	-	398,733
Noncurrent Loans Receivable	-	-	379,438	379,438
Restricted for:				
Capital Projects	-	39,072	-	39,072
Loans	-	-	27,201	27,201
TSPLOST			48,085	48,085
Hotel Motel	-	-	2,135	2,135
Unassigned	510,005	-	-	510,005
Total Fund Balances	908,738	39,072	456,859	1,404,669
Total Liabilities and Fund Balances	$ 1,578,154	$ 134,641	$ 459,331	$ 2,172,126

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total Fund Balances for Governmental Funds	$	1,404,669
Total Net Position for Governmental Activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,677,284
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund-level statements.		24,740
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Capital Leases	$	(34,064)
Accrued Interest on Capital Leases		(606)
Net Pension Obligation		(168,098)
Compensated Absences		(64,146)
Total Net Position of Governmental Activities	$	4,839,779

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	2011-2016 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,532,802	$ -	$ 60,228	$ 1,593,030
Licenses and Permits	35,932	-	-	35,932
Intergovernmental	208,696	302,283	-	510,979
Charges for Services	347,126	-	-	347,126
Fines and Forfeitures	75,785	-	-	75,785
Investment Income	57	49	6,032	6,138
Miscellaneous	39,768	-	1,506	41,274
Total Revenues	$ 2,240,166	$ 302,332	$ 67,766	$ 2,610,264
EXPENDITURES				
Current:				
General Government	$ 569,627	$ -	$ -	$ 569,627
Judicial	42,872	-	-	42,872
Public Safety	764,784	-	-	764,784
Public Works	574,966	-	45	575,011
Health and Welfare	15,218	-	-	15,218
Culture and Recreation	209,609	-	-	209,609
Housing and Development	9,381	-	-	9,381
Economic Development	17,693	-	5,985	23,678
Debt Service:				
Principal Reduction	-	33,056	-	33,056
Interest	-	2,047	-	2,047
Capital Outlay:				
General Government	-	25,953	-	25,953
Public Safety	-	25,870	-	25,870
Health and Welfare	-	8,564	-	8,564
Total Expenditures	2,204,150	95,490	6,030	2,305,670
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,016	206,842	61,736	304,594
OTHER FINANCING SOURCES (USES)				
Transfers In	77,000	-	-	77,000
Transfers Out	(60,000)	(277,244)	(7,000)	(344,244)
Total Other Financing Sources (Uses)	17,000	(277,244)	(7,000)	(267,244)
Net Change in Fund Balances	53,016	(70,402)	54,736	37,350
Fund Balances - Beginning of Year	855,722	109,474	402,123	1,367,319
Fund Balances - End of Year	$ 908,738	$ 39,072	$ 456,859	$ 1,404,669

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, 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 SEPTEMBER 30, 2013

Net Change in Fund Balance - Total Governmental Funds	$	37,350
Total Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation:		
Depreciation Expense		(153,673)
Capital Outlay		235,566
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Fiscal Year 2013 Deferred Revenues Ending Balance		24,740
Fiscal Year 2012 Deferred Revenues Ending Balance		(28,867)
Net pension obligation was recognized as an expense in the Statement of Activities. These expenses were not recognized in the governmental funds.		(25,894)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources in governmental funds. Neither transaction has any effect on net position.		
Principal Payments		33,056
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:		
Accrued Interest on Capital Leases		587
Compensated Absences		26,330
Capital assets were transferred to proprietary funds; no entry is made at the governmental fund level. The capital asset transfer is treated as a transfer out at the government-wide level.		(756,298)
Capital assets were donated to the City; these donations were not recognized at the governmental fund level.		408,248
Change in Net Position of Governmental Activities	$	(198,855)

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,538,900	$ 1,502,115	$ 1,532,802	$ 30,687
Licenses and Permits	34,375	35,875	35,932	57
Intergovernmental	12,000	195,000	208,696	13,696
Charges for Services	345,145	337,976	347,126	9,150
Fines and Forfeitures	68,100	75,700	75,785	85
Investment Income	-	-	57	57
Miscellaneous	30,000	53,295	39,768	(13,527)
Total Revenues	2,028,520	2,199,961	2,240,166	40,205
EXPENDITURES				
Current:				
General Government:				
Mayor and Council	73,265	73,265	66,248	(7,017)
Board of Elections	150	1,650	1,547	(103)
Administration	370,112	444,928	442,934	(1,994)
Public Buildings	59,810	59,810	58,898	(912)
Total General Government	503,337	579,653	569,627	(10,026)
Judicial:				
Municipal Court	42,397	42,897	42,872	(25)
Total Judicial	42,397	42,897	42,872	(25)
Public Safety:				
Police	700,834	755,000	754,060	(940)
Animal Control	12,567	10,750	10,724	(26)
Total Public Safety	713,401	765,750	764,784	(966)
Public Works:				
Streets	302,479	448,428	447,901	(527)
Cemetery	124,870	127,243	127,065	(178)
Total Public Works	427,349	575,671	574,966	(705)
Health and Welfare:				
Mosquito Control	17,206	17,206	15,218	(1,988)
Total Health and Welfare	17,206	17,206	15,218	(1,988)

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued):				
Current (Continued):				
Culture and Recreation:				
Parks	58,641	58,641	48,419	(10,222)
Library	143,287	172,811	161,190	(11,621)
Total Culture and Recreation	201,928	231,452	209,609	(21,843)
Housing and Development:				
Building Inspection	9,475	9,475	8,652	(823)
Planning and Zoning	800	800	714	(86)
Code Enforcement	800	800	15	(785)
Total Housing and Development	11,075	11,075	9,381	(1,694)
Economic Development:				
Total Economic Development	51,521	51,521	17,693	(33,828)
Total Expenditures	1,968,214	2,275,225	2,204,150	(71,075)
(Deficiency) of Revenues (Under) Expenditures	60,306	(75,264)	36,016	111,280
OTHER FINANCING SOURCES				
Transfers In	76,000	76,000	77,000	1,000
Transfers Out	(60,000)	(60,000)	(60,000)	-
Total Other Financing Sources	16,000	16,000	17,000	1,000
Net Change in Fund Balance	76,306	(59,264)	53,016	112,280
Fund Balance - Beginning of Year	855,722	855,722	855,722	-
Fund Balance - End of Year	$ 932,028	$ 796,458	$ 908,738	$ 112,280

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Water Fund	Sewer Fund	Solid Waste Fund	Airport	Fire & Emergency	Stormwater	Total Enterprise Funds	Internal Service Fund
ASSETS								
Current Assets:								
Cash and Cash Equivalents	$ 11,548	$ 44,615	$ 5,871	$ 31,325	$ 3,589	$ 213	$ 97,161	$ 5,605
Accounts Receivable (net)	83,536	131,653	70,096	-	28,923		314,208	1,853
Due from Other Funds	628,763	10,874	10,964	-	25,252	65,574	741,427	68,721
Intergovernmental Receivable	42,000	-	-	-	-	-	42,000	129,636
Restricted Assets:								
Cash	3,796	-	-	-	-	-	3,796	-
Total Current Assets	769,643	187,142	86,931	31,325	57,764	65,787	1,198,592	205,815
Long-term Assets:								
Capital Assets not subject to depreciation	276,700	803,008	-	299,734	-	-	1,379,442	-
Property, Plant & Equipment (net)	786,181	5,018,007	366,309	264,860	319,056	423,204	7,177,617	-
Unamortized Loan Issue Costs	-	7,865	-	-	-	-	7,865	-
Total Assets	$ 1,832,524	$ 6,016,022	$ 453,240	$ 595,919	$ 376,820	$ 488,991	$ 9,763,516	$ 205,815
LIABILITIES								
Current Liabilities:								
Accounts and Contracts Payable	$ 145,922	$ 9,227	$ 20,339	$ 387	$ 43,076	$ 424	$ 219,375	$ 14,727
Accrued Interest	977	5,244	3,776	-	-	-	9,997	-
Accrued Wages and Payroll Taxes	4,781	4,109	5,765	-	21,840	2,163	38,658	-
Compensated Absences Payable	15,061	7,301	8,788	-	-	-	31,150	-
Due to Other Funds	66,086	271,289	459,138	140,987	72,147	45,462	1,055,109	191,088
Customer Deposits - Restricted Assets	76,113	-	-	-	-	-	76,113	-
Notes Payable	-	280,441	-	-	-	-	280,441	-
Capital Leases Payable	11,079	24,649	30,261	-	11,267	-	77,256	-
Total Current Liabilities	320,019	602,260	528,067	141,374	148,330	48,049	1,788,099	205,815
Long-term Liabilities:								
Advance from Other Funds	-	-	398,733	-	-	-	398,733	-
Net Pension Obligation	25,799	33,341	17,828	-	7,469	-	84,437	-
Notes Payable	-	1,854,461	-	-	-	-	1,854,461	-
Capital Leases Payable	23,303	26,778	129,856	-	23,595	-	203,532	-
Total Liabilities	369,121	2,516,840	1,074,484	141,374	179,394	48,049	4,329,262	205,815
NET POSITION								
Net Investment in Capital Assets	1,028,499	3,634,686	206,192	564,594	284,194	423,204	6,141,369	-
Unrestricted	434,904	(135,504)	(827,436)	(110,049)	(86,768)	17,738	(707,115)	-
Total Net Position	1,463,403	3,499,182	(621,244)	454,545	197,426	440,942	5,434,254	-
Total Liabilities and Net Position	$ 1,832,524	$ 6,016,022	$ 453,240	$ 595,919	$ 376,820	$ 488,991	$ 9,763,516	$ 205,815

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2013

	Water Fund	Sewer Fund	Solid Waste Fund	Airport	Fire & Emergency	Stormwater	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES								
Metered Sales	$ 483,125	$ -	$ -	$ -	$ -	$ -	$ 483,125	$ -
Charges for Services	7,520	1,146,305	423,385	9,825	213,543	-	1,800,578	495,435
Total Operating Revenues	490,645	1,146,305	423,385	9,825	213,543	-	2,283,703	495,435
OPERATING EXPENSES								
Personal Services	229,136	264,216	361,689	-	311,053	20,860	1,186,954	-
Purchased / Contracted Services	217,725	156,829	93,510	5,602	28,153	11,956	513,775	495,435
Supplies	47,275	73,045	76,170	3,950	33,170	8,820	242,430	-
Heat, Light and Power	44,066	143,480	-	1,123	-	-	188,669	-
Depreciation	41,168	259,775	86,621	11,112	31,162	23,938	453,776	-
Total Operating Expenses	579,370	897,345	617,990	21,787	403,538	65,574	2,585,604	495,435
Operating Income (Loss)	(88,725)	248,960	(194,605)	(11,962)	(189,995)	(65,574)	(301,901)	-
NONOPERATING REVENUES (EXPENSES)								
Intergovernmental	-	-	-	-	8,831	-	8,831	
Interest Revenues	35	56	31	-	-	-	122	-
Miscellaneous Revenue	31,950	1,224	1,239	-	4,958	-	39,371	-
Interest Expense	(1,233)	(56,687)	(3,776)	-	-	-	(61,696)	-
Other Costs	(13,102)	(7,980)	(4,714)	-	(1,724)	-	(27,520)	-
Amortization of Bond Issue Costs	-	(4,104)	-	-	-	-	(4,104)	-
Total Nonoperating Revenues	17,650	(67,491)	(7,220)	-	12,065	-	(44,996)	-
Income before Contributions and and Transfers	(71,075)	181,469	(201,825)	(11,962)	(177,930)	(65,574)	(346,897)	-
Capital Contributions	245,205	114,162	-	90,954	315,356	440,942	1,206,619	
Transfers In	64,978	212,267	-	-	60,000	65,574	402,819	-
Transfers Out	-	(135,574)	-	-	-	-	(135,574)	
Changes in Net Position	239,108	372,324	(201,825)	78,992	197,426	440,942	1,126,967	-
Net Position - Beginning	1,224,295	3,126,858	(419,419)	375,553	-	-	4,307,287	-
Net Position - Ending	$ 1,463,403	$ 3,499,182	$ (621,244)	$ 454,545	$ 197,426	$ 440,942	$ 5,434,254	$ -

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2013

	Water Fund	Sewer Fund	Solid Waste Fund	Airport Fund	Fire & Emergency	Stormwater	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities:								
Cash Received from Customers	$ 725,939	$ 1,212,291	$ 424,335	$ 8,497	$ 169,129	$ -	$ 2,540,190	$ 144,437
Cash Received from Interfund and Outside Services Provided	-	-	-	-	-	-	-	375,816
Cash Payments for Interfund Services Used	(112,248)	(112,248)	(112,248)	-	-	-	(336,743)	-
Cash Payments to Suppliers	(442,980)	(467,126)	(168,433)	(10,011)	(18,247)	(20,352)	(1,127,149)	(531,352)
Cash Payments to Employees	(123,738)	(155,091)	(244,626)	-	(267,977)	(18,697)	(810,129)	-
Net Cash Provided by (Required for) Operating Activities	46,973	477,826	(100,972)	(1,514)	(117,095)	(39,049)	266,169	(11,099)
Cash Flows from Noncapital Financing Activities:								
Interfund Balances	2,638	(174,107)	97,404	(63,763)	46,895	(20,112)	(137,828)	16,494
Transfer from (to) Other Funds	-	(135,574)	-	-	60,000	65,574	(75,574)	-
Net Cash provided by (Required for) Noncapital and Related Financing Activities	2,638	(309,681)	97,404	(63,763)	106,895	45,462	(213,402)	16,494
Cash Flows from Capital and Related Financing Activities:								
Acquisition of Capital Assets	(394,222)	(154,288)	-	-	-	(6,200)	(548,510)	-
Principal and Interest Paid on Notes	-	(353,194)	-	-	-	-	(353,194)	-
Principal and Interest Paid on Capital Leases	(11,947)	-	-	-	-	-	(11,947)	-
Transfers from SPLOST	64,978	212,267	-	-	-	-	277,245	-
Capital Grants	245,205	114,162	-	90,954	8,831	-	450,321	-
Net Cash Flows (Required for) Capital and Related Financing Activities	(95,986)	(181,053)	-	90,954	8,831	(6,200)	(186,085)	-
Cash Flows from Investing Activities:								
Other Income	31,950	1,224	1,239	-	4,958	-	34,413	-
Interest on Investments	35	56	31	-	-	-	122	-
Net Cash Provided by Investing Activities	31,985	1,280	1,270	-	4,958	-	34,535	-
Net Increase (Decrease) in Cash and Cash Equivalents	(14,390)	(11,628)	(2,298)	25,677	3,589	213	1,163	5,395
Cash and Equivalents at Beginning of Year	29,734	56,243	8,169	5,647	-	-	99,793	210
Cash and Equivalents at End of Year	$ 15,344	$ 44,615	$ 5,871	$ 31,324	$ 3,589	$ 213	$ 100,956	$ 5,605
Reconciliation of Operating (Loss) to Net Cash Provided from Operating Activities:								
Operating Income (Loss)	$ (88,725)	$ 248,960	$ (194,605)	$ (11,962)	$ (189,995)	$ (65,574)	$ (301,901)	$ -
Adjustments to Reconcile Operating (Loss) to Net Cash (Required for) Operating Activities:								
Depreciation and Amortization	41,168	259,775	86,621	11,112	31,162	23,938	453,776	-
(Increase) Decrease in Accounts Receivable	(9,339)	(26,121)	(3,910)	-	(30,647)	-	(70,017)	27,651
(Increase) Decrease in Intergovernmental Receivable	(42,000)	-	-	-	-	-	(42,000)	-
Decrease in Due from Other Governments	-	-	-	-	-	-	-	21,650
Increase (Decrease) in Accounts Payable	133,914	(13,615)	1,247	(664)	43,076	424	164,382	(60,400)
Increase (Decrease) in Interest Payable	(304)	-	-	-	-	2,163	1,859	-
Increase (Decrease) in Wages Payable	3,740	3,123	4,816	-	21,840	-	33,519	-
Increase (Decrease) in Annual Leave	3,661	(2,263)	378	-	-	-	1,776	-
Increase (Decrease) in Net Pension Obligation	3,984	7,967	4,481	-	7,469	-	23,901	
Increase in Customer Deposits	874	-	-	-	-	-	874	-
Net Cash Provided by (Required for) Operating Activities	$ 46,973	$ 477,826	$ (100,972)	$ (1,514)	$ (117,095)	$ (39,049)	$ 266,169	$ (11,099)
Noncash Capital and Financing Activities:								
Purchase of Equipment with Capital Lease	$ -	$ -	$ 160,118	$ -	$ 34,862	$ -	$ 194,980	$ -
Transfers of Capital Assets from General Government	$ -	$ -	$ -	$ -	$ 315,356	$ 440,942	$ 756,298	$ -

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

	Library Endowment Trust Fund
ASSETS	
Cash and Cash Equivalents	$ 4,170
Total Assets	$ 4,170
LIABILITIES	
Accounts Payable	-
Total Liabilities	-
Total Net Position	$ 4,170

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

	Library Endowment Trust Fund
ADDITIONS	
Interest Revenue	$ -
Total Additions	-
DEDUCTIONS	
Expenses	-
Total Deductions	-
Change in Net Position	-
Net Position, Beginning of Year	4,170
Net Position, End of Year	$ 4,170

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

A. The Reporting Entity

The City of Montezuma is a political subdivision of the State of Georgia. It operates under an elected Mayor-Council form of government. As required by generally accepted accounting principles, these financial statements present all the fund types of the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations; therefore, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

Discretely Presented Component Unit.

The Montezuma Downtown Development Authority (the Authority) was created to revitalize and redevelop the urban, central city, and downtown areas of the City of Montezuma. The Authority's board members are appointed by the Mayor and City Council of the City of Montezuma. Separate financial statements for the Montezuma Downtown Development Authority are not prepared.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements.

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component unit. The primary government and the discretely presented component unit are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. Individual funds are not displayed. These Statements distinguish between the governmental and business-type activities of the City. The Statements distinguish between governmental activities, generally supported by taxes, inter-governmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In the government-wide Statement of Net Position, both the governmental and business-type activities' columns are presented on a consolidated basis, by column. They are reflected on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and, (3) capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. To identify which functional program a revenue pertains to, the determining factor for *charges for services* is that function which *generates* the revenue; and for *grants and contributions*, the determining factor is that function to which the revenue is restricted. Taxes and other revenue sources, not properly included with program revenues, are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City. The City allocates indirect expenses based on time studies. The allocation is adjusted annually based on the amount of time and resources utilized by the enterprise funds; the indirect expenses are allocated from the general fund to the enterprise funds receiving services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements.

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary, and fiduciary. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following two funds are the City's major governmental funds:

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

The 2011-2016 SPLOST Fund is used to account for the cost of acquiring capital equipment and payment of capital related debt with proceeds from a special one percent sales tax.

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City has seven proprietary funds. All of the proprietary funds are shown as major funds.

The Water Enterprise Fund supplies water to residents of the City of Montezuma.

The Sewer Enterprise Fund operates a sanitary sewer system throughout the City and a sewage treatment plant. Another treatment plant is operated by the fund as a holding and/or pretreatment area.

The Solid Waste Enterprise Fund operates a garbage collection service for the citizens of the City of Montezuma.

The Airport Enterprise Fund is involved in the expansion of the City of Montezuma's municipal airport and the City collects lease payments for hangars.

The Fire and Emergency Fund is used to account for fire services provided to citizens of the City of Montezuma.

The Stormwater Fund is used to account for stormwater services provide to citizens of the City of Montezuma.

The Internal Service Fund is used to provide health benefits to the employees of both the City of Montezuma and the City of Oglethorpe, Georgia.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from transactions not associated with the principal activity of the fund.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, and/or other funds. The City has one Fiduciary Fund, the Library Endowment Trust Fund. This fund was established to account for financial resources provided by gifts from private donors in support of the Montezuma Public Library. The principal of these gifts are to be maintained intact and invested. Investment earnings are remitted to the operating fund of the Montezuma Public Library.

Governmental Funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized 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 pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, which are recognized when all eligibility requirements have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Expenditures generally are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all susceptible to accrual and have been recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City uses the following governmental fund types:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable to proprietary funds are similar to those used by businesses in the private sector.

Internal Service Funds.

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City's internal service fund provides a majority of its service to the City's Proprietary Funds and is, therefore, treated as a proprietary fund in the government-wide financial statements.

Fiduciary Funds.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include nonexpendable trust and agency funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Fiduciary funds are custodial in nature and do not involve measurement of results of operation. Fiduciary funds are accounted for on the accrual basis.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Revenues – Non-exchange Transactions.

Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenues from property taxes are recognized in the fiscal year the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, and federal and state grants.

Deferred/Unearned Revenue.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue. Deferred revenue is reclassified as "*unearned revenue*" on the government-wide statement of net position.

D. Assets, Liabilities, and Equity

1. Cash and Investments.

   Cash includes amounts in demand deposit accounts as well as short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value on quoted market prices. Georgia law authorizes the City to invest in the following types of obligations:

   - Obligations of the State of Georgia or any other state(s)
   - Obligations of the United States Government
   - Obligations fully insured or guaranteed by the United States Government or Government Agency
   - Obligations of any corporation of the United States Government
   - Prime bankers' acceptances
   - The State of Georgia local government investment pool (i.e. Georgia Fund I)
   - Repurchase agreements
   - Obligations of the other political subdivisions of the State of Georgia

2. Receivables.

   Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes were due by December 27, 2012. The tax bills were mailed on October 28, 2012. The billings are considered past due as of December 28, 2012, at which time the applicable property is subject to lien, and penalties and interest are assessed. The tax levy was set at 10.50 mills on October 9, 2012.

   All trade and property tax receivables are shown net of an allowance for uncollectibles. All balances reported as "due to/due from other funds" represent amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year-end.

3. Interfund Balances.

   On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds." The noncurrent portion of interfund loans is classified as "advances to other funds/advances from other funds." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between aggregate governmental and aggregate business-type activities, which are reclassified and presented as internal balances.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

4. Inventory and Prepaid Items.

The costs of other governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Payments made to vendors for services that will benefit periods beyond September 30, 2013 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the corresponding services are consumed.

5. Capital Assets.

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their estimated fair value at the date of the donation.

The recorded public domain ("infrastructure") capital assets consist of those assets that were acquired since the fiscal year 2004 only. The cost of infrastructure assets that were acquired or received and substantial improvements made prior to fiscal year 2004 were not required to be, and have not been capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations.

Capital assets are reported in the financial statements net of accumulated depreciation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Lives
Vehicles and equipment	3-20 Years
Land improvements	15-30 Years
Infrastructure	15-30 Years
Plant and buildings	25-50 Years

6. Claims and Judgments.

Liabilities for claims and judgments against the City, including estimated liabilities for claims incurred but not reported at year-end, have been accrued in the appropriate funds.

7. Compensated Absences.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Vacation leave is based on the number of years of service and on a bi-weekly pay period as follows:

	Hours Per Pay Period
Employees with less than five years	3
Employees with five years or more but less than eighteen years	5
Employees with eighteen years or more	7

The maximum amount of vacation leave that may be carried forward from one leave year to another is 240 hours except that personnel working more than a regular 40 hour week may carry forward a maximum of 336 hours. Excess vacation leave not taken by the first pay period of the new leave year will be forfeited.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

8. Fund Equity.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting purposes is classified as "net position."

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities of a fund. In the fund financial statements, fund balances are classified, where applicable, as follows:

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

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 determined by a formal action by ordinance or resolution as passed by Mayor and Council.

Assigned – Amounts that are designated for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by Mayor and Council.

Unassigned – All amounts not included in the other components as fund balance.

The City's policy with respect to the use of restricted and unrestricted net position is to first apply available restricted resources toward expenses. In governmental funds, the policy is to first apply available restricted fund balances toward expenditures and then use committed and assigned fund balances before using unassigned fund balances.

The City's policy with respect to fund balance classification is to comply with GASB 54, *Fund Balance Reporting*. The City's highest level decision-making body is Mayor and Council. Formal action required to establish, modify or rescind a committed fund balance is the budget approval process.

Net position - Net position represents the difference between total assets and total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. This net position amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The remaining net position amount is reported as unrestricted.

9. Management Estimates.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting year. Actual results could differ from those estimates.

E. New Accounting Standard

The City has adopted GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Adoption has primarily changed certain wording and titles of statements in the report related to net position. GASB No. 65, *Items Previously Reported as Assets and Liabilities*, will be adopted in the 2014 fiscal year and was not early adopted for these financial statements.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Budgets are adopted on a basis consistent with GAAP. All final budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for legally authorized revisions of the annual budget during the year. The Mayor and City Council must approve any department level changes to a previously adopted budget. Management may amend the budget without obtaining the approval of the Mayor and City Council at any level below the departmental level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding fiscal year when budget workbooks are distributed to each department. The Mayor and City Council advertise the budgets and conduct public hearings on the proposed budget in adherence to local ordinance and state law and a final budget is usually adopted by June 1.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

III. DETAILED NOTES ON ALL FUNDS

1. Cash and Cash Equivalents and Investments

The bank balances of deposits as of September 30, 2013, are entirely insured or collateralized with securities held by the City's agent in the City's name.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be recovered and returned to the government. The City limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law.

Credit Risk – Investments

Credit risk is the risk that an issuer to an investment will not fulfill its obligation. As of September 30, 2013, the City had no investments.

Interest Rate Risk – Investments

In accordance with the City's investment policy, the City manages its exposure to the risk of declines in fair values by limiting the maturity of its investments to a maximum of one year. As of September 30, 2013, the City had no investments.

2. Receivables

Receivables at September 30, 2013, consist of the following:

	General Fund	Other Governmental Funds	Water Fund	Sewer Fund	Solid Waste Fund	Fire & Emergency	Internal Service Fund
Accounts Receivable	$ 9,642	$ 1,529	139,764	$ 191,580	$ 113,265	$ 28,923	$ 1,853
Taxes Receivable	150,817	-	-		-	-	-
Gross	160,459	1,529	139,764	191,580	113,265	28,923	1,853
Receivables Less Allowance For Uncollectibles	(142,543)	-	(56,228)	(59,927)	(43,169)	-	-
Net Total Receivables	$ 17,916	$ 1,529	$ 83,536	$ 131,653	$ 70,096	$ 28,923	$ 1,853

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Receivables (Continued)

Loans receivable in the Revolving Loan Fund and Flood Revolving Loan Fund consist of various loans to businesses within the City of Montezuma. Original funding was provided by the U.S. Department of Housing and Urban Development through the State of Georgia's Department of Community Affairs.

3. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2013, is as follows:

Receivable Fund	Payable Fund		Amount	Expected to be Repaid in Subsequent Year
General Fund	Flood Revolving Loan Fund	$	222	Yes
General Fund	Regular Revolving Loan Fund		2,000	Yes
General Fund	TSPLOST Fund		250	Yes
General Fund	Sewer Fund		14,727	Yes
General Fund	Solid Waste Fund		435,592	No
General Fund	Airport Fund		127,987	No
General Fund	Fire and Emergency Fund		72,141	No
General Fund	Stormwater Fund		45,462	No
General Fund	Self Insurance Fund		176,088	No
Water Fund	General Fund		434,265	No
Water Fund	Sewer Fund		166,196	No
Water Fund	Solid Waste Fund		296	Yes
Water Fund	Airport Fund		13,000	Yes
Water Fund	Self Insurance Fund		15,000	Yes
Water Fund	Fire and Emergency Fund		6	Yes
Sewer Fund	Water Fund		10,844	Yes
Sewer Fund	Solid Waste Fund		30	Yes
Solid Waste Fund	General Fund		1,579	Yes
Solid Waste Fund	Water Fund		8,975	Yes
Solid Waste Fund	Sewer Fund		410	Yes
Fire Service Fund	General Fund		105	Yes
Fire Service Fund	Water Fund		25,034	No
Fire Service Fund	Sewer Fund		58	Yes
Fire Service Fund	Solid Waste Fund		55	Yes
Stormwater Fund	Sewer Fund		65,574	No
Internal Service Fund	Sewer Fund		24,324	No
Internal Service Fund	Water Fund		21,233	No
Internal Service Fund	Solid Waste Fund		23,165	No
Total		$	1,684,618	

The purpose of these interfund balances reflect short-term financing of cash disbursements made through the General Fund on behalf of another fund. Similarly, the interfund balances for the Water Fund reflect financing of cash disbursements made through the Water Fund on behalf of other funds. The interfund balances for the Internal Service Fund represent reimbursable amounts for health insurance claims paid by the Internal Service Fund on behalf of the Water Fund, Sewer Fund, and Solid Waste Fund.

The General Fund has made an advance to the Solid Waste Fund for working capital. The balance of the advance at September 30, 2013 is $398,733. None of this balance is expected to be collected in the subsequent year.

III. DETAILED NOTES ON ALL FUNDS (Continued)

3. Interfund Receivables and Payables (Continued)

Transfers In	Transfers Out	Amount
General Fund	Hotel/Motel Tax Fund	7,000
General Fund	Sewer Fund	70,000
Water Fund	2011-2016 SPLOST Fund	64,978
Sewer Fund	2011-2016 SPLOST Fund	212,267
Fire and Emergency Fund	General Fund	60,000
Stormwater Fund	Sewer Fund	65,574
Total		$ 479,819

Transfers are used to move excess financial resources from the Hotel/Motel Tax Fund to the General Fund. The 2011-2016 SPLOST fund paid certain Water Fund and Sewer Fund capital outlay expenditures; these payments are made directly from of the 2011-2016 SPLOST fund. Budgeted transfers were made from the General Fund and the Sewer Fund to the Fire and Emergency Fund and Stormwater Fund respectively; these transfers are intended to support the operations of the two funds that received transfers.

4. Enterprise Fund Deficit

The Solid Waste Fund had a deficit in net position of $621,244 at September 30, 2013. The City anticipates that this deficit will be eliminated in future years through the expansion of services and anticipated rate increases.

5. Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

Governmental Activities	Balance September 30 2012	Additions	Sales, Transfers, or Dispositions	Balance September 30 2013	Accumulated Depreciation September 30 2013	Book Value September 30 2013
Nondepreciable:						
Land	$ 301,337	$ 70,200	$ -	$ 371,537	$ -	$ 371,537
Depreciable:						
Buildings	2,157,514	358,678	118,730	2,397,462	860,313	1,537,149
Improvements	685,873	-	476,694	209,179	117,322	91,857
Machinery & Equipment	1,338,555	35,399	647,580	726,374	629,211	97,163
Infrastructure	1,769,605	179,537	-	1,949,142	369,564	1,579,578
Totals	$ 6,252,884	$ 643,814	$ 1,243,004	$ 5,653,694	$ 1,976,410	$ 3,677,284

Governmental Activities Accumulated Depreciation	Balance September 30 2012	Additions	Deletions	Balance September 30 2013
Buildings	$ 893,612	$ 41,798	$ 75,097	$ 860,313
Improvements	142,086	10,988	35,752	117,322
Machinery & Equipment	949,917	55,151	375,857	629,211
Infrastructure	323,828	45,736	-	369,564
Totals	$ 2,309,443	$ 153,673	$ 486,706	$ 1,976,410

III. DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (Continued)

Business-Type Activities	Balance September 30 2012	Additions	Sales or Dispositions	Balance September 30 2013	Accumulated Depreciation September 30 2013	Book Value September 30 2013
Nondepreciable:						
Land	$ 1,048,497	$ -	$ -	$ 1,048,497	$ -	$ 1,048,497
Construction in Progress	452,468	274,993	396,516	330,945	-	330,945
Depreciable:						
Buildings	14,553	118,731	-	133,284	88,953	44,331
Improvements	10,684,035	1,064,327	-	11,748,362	5,573,494	6,174,868
Machinery & Equipment	2,121,298	931,159	17,503	3,034,954	2,076,536	958,418
Totals	$ 14,320,851	$ 2,389,210	$ 414,019	$ 16,296,042	$ 7,738,983	$ 8,557,059

Business-Type Activities Accumulated Depreciation	Balance September 30 2012	Additions	Deletions	Balance September 30 2013
Buildings	$ 10,907	$ 78,048	$ -	$ 88,953
Improvements	5,253,681	319,814	-	5,573,494
Machinery & Equipment	1,551,415	542,621	17,503	2,076,536
Totals	$ 6,816,003	$ 940,483	$ 17,503	$ 7,738,983

Additions to depreciation include $486,707 in accumulated depreciation related to transfers of capital assets.

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

Governmental Activities:	
General Government	$ 42,968
Public Safety	46,399
Public Works	51,157
Culture and Recreation	13,149
Total Depreciation Expense - Governmental Activities	$ 153,673

Business-Type Activities:	
Water	$ 41,168
Sewer	259,775
Solid Waste	86,621
Airport	11,112
Fire and Emergency Services	31,162
Stormwater	23,938
Total Depreciation Expense - Business-Type Activities	$ 453,776

III. DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (Continued)

A summary of capital asset activity for the Downtown Development Authority Component Unit for the year ended September 30, 2013 is as follows:

Governmental Activities	Balance September 30 2012	Additions	Sales or Dispositions	Balance September 30 2013	Accumulated Depreciation September 30 2013	Book Value September 30 2013
Nondepreciable:						
Land	$ 111,770	$ -		$ 111,770	$ -	$ 111,770
Depreciable:						
Buildings	324,391	-	-	324,391	54,023	270,368
Totals	$ 436,161	$ -	$ -	$ 436,161	$ 54,023	$ 382,138

Governmental Activities Accumulated Depreciation	Balance September 30 2012	Additions	Deletions	Balance September 30 2013
Buildings	$ 43,210	$ 10,813	$ -	$ 54,023
Totals	$ 43,210	$ 10,813	$ -	$ 54,023

Total depreciation expense for the Downtown Development Authority Component Unit for the year ended September 30, 2013 was $10,813 and is reflected in the expenses in the Statement of Activities.

6. Long-term Debt

The Sewer Fund borrowed funds under a December 1, 1995 note payable; this note is due to the Georgia Environmental Facilities Authority (GEFA). The note requires quarterly payments of $46,439 including interest at 4.0%. The last payment will be due September 1, 2015. The proceeds of the note were used to expand sewer facilities in the City. The balance of the note payable as of September 30, 2013 is $355,338; the original amount of the note was approximately $1,583,000.

The annual debt service requirements to maturity for the note payable including interest are as follows:

Year Ended	Principal	Interest	Total
2014	174,133	11,623	185,756
2015	181,205	4,553	185,758
Total	$ 355,338	$ 16,176	$ 371,514

The Sewer Fund borrowed funds under an April 1, 2008 note payable; this note is due to the Georgia Environmental Facilities Authority (GEFA). The note requires monthly payments of $11,744 including interest at 2.0%. The last payment will be due April 1, 2028. The proceeds of the note were used to consolidate sewer facilities in the City. The balance of the note payable as of September 30, 2013 is $1,779,564; the original amount of the note was approximately $2,300,000.

The annual debt service requirements to maturity for the note payable including interest are as follows:

Year Ended	Principal	Interest	Total
2014	106,307	34,620	140,927
2015	108,453	32,475	140,928
2016	110,642	30,285	140,927
2017	112,875	28,052	140,927
2018	115,154	25,774	140,928
2019-2023	611,585	93,053	704,638
2024-2028	614,548	29,004	643,552
Total	$ 1,779,564	$ 273,263	$ 2,052,827

III. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

During fiscal year 2011 the City entered into a capital lease payable to the Georgia Municipal Association for police cars. The original cost of these vehicles was $99,198. This lease is associated with governmental activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2014	34,064	1,039	35,103
Total	$ 34,064	$ 1,039	$ 35,103

During fiscal year 2011 the City entered into a capital lease payable to the Georgia Municipal Association for a John Deere backhoe. The original cost of this equipment was $55,455. This lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2014	11,079	1,172	12,251
2015	11,456	795	12,251
2016	11,847	404	12,251
Total	$ 34,382	$ 2,371	$ 36,753

During fiscal year 2011 the City entered into a capital lease payable to the Georgia Municipal Association for a sewer vacuum. The original cost of this equipment was $34,752. This lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2014	11,971	405	12,376
Total	$ 11,971	$ 405	$ 12,376

During fiscal year 2011 the City entered into a capital lease payable to the Georgia Municipal Association for a sewer mounted camera. The original cost of this equipment was $63,475. This lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2014	12,679	1,456	14,135
2015	13,146	988	14,134
2016	13,631	503	14,134
Total	$ 39,456	$ 2,947	$ 42,403

III. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (Continued)

During fiscal year 2013, the City entered into a capital lease payable to the Georgia Municipal Association for a Garbage Truck. The original cost of this equipment was $160,117. The lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2014	30,261	4,531	34,792
2015	31,118	3,675	34,793
2016	31,999	2,794	34,793
2017	32,904	1,889	34,793
2018	33,835	958	34,793
Total	$ 160,117	$ 13,847	$ 173,964

During fiscal year 2013, the City entered into a capital lease payable to the Georgia Municipal Association for a Fire Command Vehicle. The original cost of this equipment was $34,862. The lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2014	11,267	1,456	12,723
2015	11,617	988	12,605
2016	11,978	503	12,481
Total	$ 34,862	$ 2,947	$ 37,809

During the year ended September 30, 2013, the following changes occurred in the liability reported in long-term debt:

	Balance September 30 2012	Increase	Decrease	Balance September 30 2013	Amounts Due in One Year
Governmental Activities					
Compensated absences	$ 90,476	$ 43,254	$ 69,584	64,146	$ 44,902
Capital Leases	67,121	-	33,057	34,064	34,064
Net Pension Obligation	142,205	25,894	-	168,099	-
Total	$ 299,802	$ 69,148	$ 102,641	$ 266,309	$ 78,966
Business-type activities					
Compensated absences	$ 29,374	$ 30,601	$ 28,825	$ 31,150	$ 31,150
Notes payable	2,406,445	-	271,543	2,134,902	280,441
Capital leases	120,329	194,979	34,520	280,788	77,256
Net Pension Obligation	60,536	23,901	-	84,437	-
Total	$ 2,616,684	$ 249,481	$ 334,888	$ 2,531,277	$ 388,847

The General Fund typically has been used to liquidate compensated absences of governmental activities and will be used to liquidate the governmental funds' net pension obligation. The Water Fund, Sewer Fund and Sanitation Fund are used to liquidate compensated absences and the net pension obligation of business-type activities.

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans

Plan Descriptions and Provisions:

The City's defined benefit pension plan, the City of Montezuma Retirement Plan (the Plan), provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan is a non-contributory defined benefit plan, which is administered by the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent multiple-employer type plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303-3606, or by calling 1-678-686-6218.

Eligibility requirements are one year of City employment for employees; for officials, there is no waiting period. The Plan allows for early retirement at age 55 if the employee has ten years of service. An employee's normal retirement age is 65 given an employee has five years of service. For City officials ten years of service is required. Monthly retirement benefits paid to an employee are equal to two percent of the monthly average earnings for the highest consecutive three-year wage period times the number of years of service. Monthly retirement benefits paid to an official are equal to $33 times the number of years of service. Employees' and officials' benefits vest at 100 percent in one step after five years of service. These benefit provisions were established by a City ordinance dated

November 1, 1972. The Georgia Constitution enables the governing authority of the City, the Mayor and the Members of the City Council, to establish and to amend, from time to time, the contribution rates of the employer.

Funding Policy:

Employees are not required to contribute to the Plan. The City is required to make all contributions in accordance with the minimum funding standards of the Public Retirement Systems Standards Law. Section 47-20 of the Georgia Code sets forth the funding standards for state and local government pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

Changes to Plan:

There were no changes to the plan since the last valuation.

Annual Pension Cost:

For 2013, the City's annual pension cost of $199,196 (the required contributions) was not equal to the City's actual contributions. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included:

(a) An 7.75% investment rate of return
(b) A projected salary increase at 3.5% per year for inflation
(c) A projected salary increase at 3.50% plus age and service merit increases
(d) A 3.50% cost of living adjustment

TREND INFORMATION FOR THE PLAN

Fiscal Year Ending	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
September 30, 2011	$ 263,432	46%	$ 142,769
September 30, 2012	205,933	71%	202,741
September 30, 2013	199,196	75%	252,537

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans (Continued)

The actuarial valuation method is the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/ (surplus) actuarial accrued liability. The amortization periods, if applicable, are closed for this plan year.

As of the most recent valuation date, the funded status of the Plan was as follows:

Actuarial Valutation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	Percentage of Covered Payroll
January 1, 2013	$ 4,138,266	$ 5,026,238	82.3%	$ 887,972	$ 666,739	133.2%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

The City adopted a 401(a) defined contribution plan that became effective January 1, 2011. The plan is administered by the Georgia Municipal Administration. The plan governing authority is Mayor and Council; plan provisions and amendments are authorized by this governing authority. All employees who work at least 30 per week may participate in the defined contribution plan with the exceptions of (1) the City legal officer, (2) elected or appointed officials and (3) employees participating in the City defined benefit plan as of October 1, 2010. The plan does have a 12 month period of service requirement starting with the date of hire. Each year a one-time annual plan year-end contribution of 10% of base salary is to be made by the City for the calendar year; all contributions to the plan will come from the City. The contributions are 100% vested after an employee has been employed for 5 years. Payments made during the year totaled $36,982.

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; and, natural disasters for which the City carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant decreases in insurance coverage from the prior year. The City is self insured for health insurance as disclosed in the following note.

9. Health Insurance Program

In fiscal 2001, the City established an internal service fund, the Risk Management Fund (the Fund) to account for and finance the activities of its health insurance program. The Fund's participants include the City and another local government. The Fund provides coverage for up to a maximum of $25,000 for each health insurance claim. The Fund purchases commercial reinsurance for all participating entities to cover claims in excess of the maximum coverage provided by the Fund. The combined cost of this arrangement is anticipated by its participants to be less than the amount the participating entities would have paid for comparable commercial insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The City has entered into an agreement with a third party administrator for the processing of the Fund's claims. The participants have agreed to pay those claims related to their employees plus their ratable share of reinsurance premiums and the Fund's administrative expenses. Payments by the City in excess of the City's expenses, if any, may be retained in the Fund as a reserve for future expenses. Since the Fund's inception, the Fund has not accumulated significant financial resources. The City is committed to maintaining the solvency of the Fund. The Fund is included in the financial statements as an Internal Service Fund. The Fund does not issue separate financial statements.

III. DETAILED NOTES ON ALL FUNDS (Continued)

9. Health Insurance Program (Continued)

Changes in the balance of claims liability during the past two years are as follows:

	2013	2012
Unpaid claims, beginning of fiscal year	$ 75,126	$ 50,992
Claims incurred	249,781	302,157
Claim payments	(310,180)	(278,023)
Unpaid claims, end of the fiscal year	$ 14,727	$ 75,126

10. Post-employment Benefits

Health Benefits

On February 13, 2001 the City Council passed a resolution to provide health benefits to individuals, who have retired from the City, were active in the City's health plan at retirement and had not yet reached the age of 65. These benefits terminate when the retired individual reaches the age of 65. Because of the limited scope of eligibility requirements, relatively few individuals have been covered by this benefit since its inception. These benefits are funded on a pay-as-you-go basis. Participants are required to pay the same health insurance premiums as active employees. At September 30, 2013 four individuals were covered by the plan. The amount of expenditure/expense for these postretirement benefits for the year ended September 30, 2013 was approximately $22,024.

Life Insurance Benefits

On February 13, 2001 the City Council passed a resolution to provide life insurance benefits to individuals who have retired directly from the City. These benefits are a term life insurance of $20,000 for elected officials, City department heads and supervisors. All other employees receive $10,000 in term life insurance coverage. During the fiscal year 2013, nine individuals participated in these retirement benefits. These benefits are funded on a pay-as-you-go basis. Participants are not required to pay the insurance premiums which are paid completely by the City. The amount of expenditure/expense for these postretirement benefits for the year ended September 30, 2013 was approximately $821.

11. Contingent Liabilities

The City has received Federal and State grants for specific purposes that are subject to financial and compliance audits by the grantor agencies. Such audits could lead to disallowance of expenditures by the granting agencies. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time although the City expects such amounts, if any, to be immaterial. According to the City Attorney, there are no material claims or litigations against the City.

12. Hotel/Motel Tax

The City has levied a 5 percent Hotel/Motel Lodging tax. Of this percentage, 2 percent is given to the Chamber of Commerce to be used for the promotion of tourism. The remaining 3 percent is used by the City to promote other activities to promote tourism. The activity for the year ended September 30, 2013 is summarized below:

Hotel Motel Tax Revenue in 2013	$ (12,104)
Required Expenditure in 2013	(4,842)
Actual Allowable Expenditures in 2013	5,985

III. DETAILED NOTES ON ALL FUNDS (Continued)

13. Joint Venture – River Valley Regional Commission

The City of Montezuma, in conjunction with other municipalities and counties in the middle Georgia area, participates in the River Valley Regional Commission (Commission). Membership in the Commission is required by Code of Georgia Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The Commission Board membership includes the chief elected official of each County and municipality of the area. Georgia law also provides that the member governments are liable for any debts or obligations of the Commission beyond its resources. The City does not anticipate receiving an additional financial benefit, nor incur an additional financial burden in the foreseeable future due to the City's participation in the joint venture. Separate financial statements for the River Valley Regional Commission can be obtained from the Commission's office in Americus, Georgia. During the year ended September 30, 2013 the City contributed $3,438 to the Commission.

14. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 21, 2014, the date the financial statements were available to be issued.

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CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN

Actuarial Valuation Date	-1- Actuarial Value of Assets	-2- Actuarial Accrued Liability (AAL)	-3- Funded Ratio (1) / (2)	-4- Unfunded AAL (UAAL) (2) - (1)	-5- Annual Covered Payroll	-6- UAAL as a Percentage of Covered Payroll (4) / (5)
11/1/1998	$ 2,466,661	$ 2,186,409	112.8%	$ (280,252)	$ 669,107	-41.9%
11/1/1999	3,219,282	2,286,580	140.8%	(932,702)	754,588	-123.6%
11/1/2000	3,409,234	2,604,814	130.9%	(804,420)	986,417	-81.5%
11/1/2001	3,540,199	2,840,316	124.6%	(699,883)	891,462	-78.5%
11/1/2002	3,338,057	3,852,137	86.7%	514,080	699,946	73.4%
11/1/2003	3,453,281	4,135,391	83.5%	682,110	771,566	88.4%
11/1/2004	3,592,035	4,244,997	84.6%	652,962	786,717	83.0%
11/1/2005	3,750,788	4,511,739	83.1%	760,951	716,230	106.2%
11/1/2006	3,897,638	4,669,113	83.5%	771,475	897,246	86.0%
11/1/2007	4,085,873	5,103,977	80.1%	1,018,104	948,192	107.4%
11/1/2008	4,252,550	5,286,259	80.4%	1,033,709	986,307	104.8%
10/1/2009	3,894,674	5,545,946	70.2%	1,651,272	1,050,735	157.2%
1/1/2010	4,308,880	4,900,967	87.9%	592,087	1,067,895	55.4%
1/1/2011	4,460,468	5,243,448	85.1%	782,980	723,781	108.2%
1/1/2012	4,114,324	4,832,971	85.1%	718,647	698,674	102.9%
1/1/2013	4,138,266	5,026,238	82.3%	887,972	666,739	133.2%

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CITY OF MONTEZUMA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

	Special Revenue				Total Nonmajor Governmental
	Hotel/Motel Tax	Revolving Loan Fund	Flood Revolving Loan Fund	TSPLOST Fund	Total
ASSETS					
Cash and Cash Equivalents	$ 606	$ 20,562	$ 7,578	$ 43,224	$ 71,970
Accounts Receivable	1,529	-	-		1,529
Interest Receivable	-	1,283	-	-	1,283
Due from Other Governments	-	-	-	5,111	5,111
Loans Receivable	-	379,438	-	-	379,438
Total Assets	2,135	401,283	7,578	48,335	459,331
LIABILITIES AND FUND BALANCES					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Due to Other Fund	-	2,000	222	250	2,472
Total Liabilities	-	2,000	222	250	2,472
Fund Balances:					
Nonspendable:					
Noncurrent Loans Receivable	-	379,438	-	-	379,438
Restricted for:					-
Loans	-	19,845	7,356	-	27,201
TSPLOST	-	-	-	48,085	48,085
Hotel Motel	2,135	-	-	-	2,135
Total Fund Balances	2,135	399,283	7,356	48,085	456,859
Total Liabilities and Fund Balances	$ 2,135	$ 401,283	$ 7,578	$ 48,335	$ 459,331
	-	-	-	-	-

CITY OF MONTEZUMA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue				Total Nonmajor Governmental
	Hotel/Motel Tax	Revolving Loan Fund	Flood Revolving Loan Fund	TSPLOST Fund	Total
REVENUES					
Taxes	$ 12,104	$ -	$ -	$ 48,124	$ 60,228
Investment Income	-	6,032	-		6,032
Miscellaneous Income	-	-	1,500	6	1,506
Total Revenues	12,104	6,032	1,500	48,130	67,766
EXPENDITURES					
Current:					
Public Works	-	-	-	45	45
Economic Development	5,985	-	-	-	5,985
Total Expenditures	5,985	-	-	45	6,030
Excess of Revenues Over Expenditures	6,119	6,032	1,500	48,085	61,736
OTHER FINANCING SOURCES (USES)					
Transfers Out	(7,000)	-	-	-	(7,000)
Total Other Financing Sources (Uses)	(7,000)	-	-	-	(7,000)
Excess of Revenues Over Expenditures or Other Uses	(881)	6,032	1,500	48,085	54,736
Fund Balances - Beginning	3,016	393,251	5,856	-	402,123
Fund Balances - Ending	$ 2,135	$ 399,283	$ 7,356	$ 48,085	$ 456,859

CITY OF MONTEZUMA, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Hotel/Motel Tax			Revolving Loan		
	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget
REVENUES						
Taxes	$ 13,000	$ 12,104	$ (896)	$ -	$ -	$ -
Investment Income	-	-	-	4,700	6,032	1,332
Miscellaneous	-	-	-	-	-	-
Total Revenues	13,000	12,104	(896)	4,700	6,032	1,332
EXPENDITURES						
Current:						
Public Works	-	-	-	-	-	-
Economic Development	6,000	5,985	(15)	-	-	-
Total Expenditures	6,000	5,985	(15)	-	-	-
Excess of Revenues Over Expenditures	7,000	6,119	(881)	4,700	6,032	1,332
OTHER FINANCING SOURCES						
Transfers Out	(7,000)	(7,000)	-	-	-	-
Total Other Financing Sources	(7,000)	(7,000)	-	-	-	-
Net Change in Fund Balances	-	(881)	(881)	4,700	6,032	1,332
Fund Balances - Beginning	3,016	3,016	-	393,251	393,251	-
Fund Balances - Ending	$ 3,016	$ 2,135	$ (881)	$ 397,951	$ 399,283	$ 1,332

Flood Revolving Loan			TSPLOST Fund		
Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget
$ -	$ -	$ -	$ 48,000	$ 48,124	$ 124
-	-	-	-	-	-
1,500	1,500	-	-	6	6
1,500	1,500	-	48,000	48,130	130
-	-	-	100	45	(55)
-	-	-	-	-	-
-	-	-	100	45	(55)
1,500	1,500	-	47,900	48,085	185
-	-	-	-	-	-
-	-	-	-	-	-
1,500	1,500	-	47,900	48,085	185
5,856	5,856	-	-	-	-
$ 7,356	$ 7,356	$ -	$ 47,900	$ 48,085	$ 185

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CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

ASSETS		
Cash	$	5,605
Accounts Receivable		1,853
Due from Other Funds		68,721
Due from Other Governments		129,636
Total Assets	$	205,815
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	$	14,727
Due to Other Funds		191,088
Total Liabilities		205,815
Net Position:		
Unrestricted		-
Total Net Position		-
Total Liabilities and Net Position	$	205,815

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

OPERATING REVENUES	
Charges for Services	$ 495,435
Total Operating Revenues	495,435
OPERATING EXPENSES	
Insurance Claims	310,312
Insurance Premiums	169,612
Administration	15,511
Total Operating Expenses	495,435
Net Operating (Loss)	-
NONOPERATING REVENUE	
Interest Revenue	-
Total Nonoperating Revenue	-
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	$ -

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2013

Cash Flows from Operating Activities:	
Cash Received from Governments for Services Provided	$ 144,437
Cash Received from Other Funds for Services Provided	375,816
Cash Payments to Suppliers	(531,352)
Net Cash Provided by Operating Activities	(11,099)
Cash Flows Used in Noncapital Activities:	
Interfund Loan	16,494
Net Cash Used by Noncapital Activities	16,494
Net Increase in Cash and Cash Equivalents	5,395
Cash and Equivalents at Beginning of Year	210
Cash and Equivalents at End of Year	$ 5,605
Reconciliation of Operating (Loss) to Net Cash Provided from Operating Activities:	
Operating (Loss)	$ -
Decrease in Accounts Receivable	27,651
(Increase) in Due from Other Governments	21,650
(Decrease) in Accounts Payable	(60,400)
Net Cash Provided by Operating Activities	$ (11,099)

SUPPLEMENTARY DATA SECTION

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CITY OF MONTEZUMA, GEORGIA
SEWER ENTERPRISE FUND - GEFA LOANS
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2013

GEFA Loan #2	Fiscal Year	Principal	Interest	Total Annual Requirements
	2014	174,133	11,623	185,756
	2015	181,205	4,553	185,758
		$ 355,338	$ 16,176	$ 371,514

GEFA Loan #3	Fiscal Year	Principal	Interest	Total Annual Requirements
	2014	106,307	34,620	140,927
	2015	108,453	32,475	140,928
	2016	110,642	30,285	140,927
	2017	112,875	28,052	140,927
	2018	115,154	25,774	140,928
	2019	117,478	23,449	140,927
	2020	119,849	21,078	140,927
	2021	122,268	18,659	140,927
	2022	124,736	16,191	140,927
	2023	127,254	13,673	140,927
	2024	129,822	11,105	140,927
	2025	132,442	8,485	140,927
	2026	135,116	5,811	140,927
	2027	137,843	3,084	140,927
	2028	79,325	522	79,847
		$ 1,779,564	$ 273,263	$ 2,052,827

GOVERNMENT AUDIT SECTION

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BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

March 21, 2014

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

To the Honorable Mayor and Members
of the City Council
City of Montezuma, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montezuma, Georgia, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Montezuma, Georgia's basic financial statements and have issued our report thereon dated March 21, 2014.

Internal Control Over Financial Reporting

Management of City of Montezuma, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Montezuma, 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 Montezuma, Georgia's internal controls. Accordingly, we do not express an opinion on the effectiveness of the City of Montezuma, Georgia's internal controls.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Montezuma, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters 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 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.

Butler, Williams & Wyche, LLP

Macon, Georgia

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

None reported.

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

None reported.

STATE AUDIT SECTION

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CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
From 2010 Referendum:					
Machinery and Equipment for Police, Fire, Streets, Sanitation, Water, Sewer and Public Building Departments; Sewer Debt, Drainage and Sidewalks	$ 1,094,005	$ 542,838	$ 372,734	$ 915,572	84%
Machinery and Equipment for Police, Fire, Streets, Sanitation, Water, Sewer and Public Building Departments; Sewer Debt, Drainage and Sidewalks	1,094,505	-	-	-	0%
Prior General Obligation Debt	212,000	212,000	-	212,000	100%
Totals	$ 2,400,510	$ 754,838	$ 372,734	$ 1,127,572	

CITY OF MONTEZUMA, GEORGIA
SEWER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
10p-x-096-2-5308

PROJECT COST SCHEDULE
FOR THE PERIOD ENDING SEPTEMBER 30, 2013

Program Activity	Activity Number	Budget	Cumulative Expenditures
Contingencies	C-022-00	$ -	$ -
Sewer Facilities	P-03J-01	431,880	431,880
Engineering - Sewer Improvements	T-03J-01	37,120	37,120
Administration	A-21A-00	31,000	31,000
		$ 500,000	$ 500,000

Accounted for in Sewer Fund.

CITY OF MONTEZUMA, GEORGIA
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
12p-x-096-2-5485

PROJECT COST SCHEDULE
FOR THE PERIOD ENDING SEPTEMBER 30, 2013

Program Activity	Activity Number	Budget	Cumulative Expenditures
Contingencies	C-022-00	$ 39,496	$ -
Water Facilities	P-03J-01	394,958	226,292
Engineering - Water/Sewer Improvements	T-03J-01	35,546	33,184
Administration	A-21A-00	30,000	17,200
		$ 500,000	$ 276,676

Accounted for in Water Fund.