CITY OF MOULTRIE, GEORGIA

Annual Financial Report

For the Year Ended September 30, 2006

CITY OF MOULTRIE, GEORGIA
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CITY OF MOULTRIE, GEORGIA
PRINCIPAL OFFICIALS
September 30, 2006

ELECTED

William M. McIntosh, Mayor

George Walker, Council Member

Angela Castellow, Council Member

Betty Haggins, Council Member

Cecil Barber, Council Member

Ronald D. Wilson, Sr., Council Member

Daniel L. Dunn, Council Member

STAFF

Robert M. Hopkins, City Manager

Gary McDaniel, Finance Director

Bowen, Phillips & Carmichael
Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moultrie, Georgia, as of and for the year ended September 30, 2006, which collectively comprise the City of Moultrie, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moultrie, Georgia's elected officials and management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund, which statements reflect total assets of $9,340,945 as of September 30, 2006 and revenues of $644,427 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 Moultrie, Georgia, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

L.A. Bowen, Jr., C.P.A.
Jane Freeman Phillips, C.P.A.
Tom E. Carmichael, Jr., C.P.A.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2007, on our consideration of the City of Moultrie, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Moultrie, Georgia's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Moultrie, Georgia. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Special Purpose Local Option Sales Tax Expenditures is presented as required by the Official Code of Georgia Annotated. The Schedule of Expenditures of Federal Awards and the Schedule of Special Purpose Local Option Sales Tax Expenditures are also not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, Schedule of Expenditures of Federal Awards and the Schedule of Special Purpose Local Option Sales Tax Expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Bowen, Phillips & Carmichael, LLP

May 17, 2007
Tifton, Georgia

Management's Discussion and Analysis

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As management of the City of Moultrie, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2006. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The City has $54.7 million in total assets of which $36.2 million are capital assets.
- The City has $23.9 million in total liabilities of which $16.9 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $30.9 million (net assets). Of this amount, $8.1 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $21.4 million is invested in capital assets net of related debt.
- The City's total net assets increased by $4.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1.7 million, an increase of $1.3 million in comparison with the prior year. This amount consists of $997 thousand reserved for specific projects and public services and an unreserved balance of $665 thousand.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $675 thousand, or 6.3% of total general fund expenditures.
- The City's long-term debt decreased by $2.4 million during the current fiscal year as a result of scheduled principal payments and a reduction in the amount due for the environmental remediation liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—*management's discussion and analysis* (which serves as an introduction to the City's basic financial statements), the *basic financial statements*, and *supplementary information* that presents combining statements for nonmajor governmental funds and nonmajor enterprise funds as well as other selected information. The City's basic financial statements consist of three components: 1) Government-Wide financial statements, 2) Fund financial statements and 3) Notes to financial statements.

Government-Wide Financial Statements

The primary role of the Government-Wide financial statements is to demonstrate operational accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Moultrie's finances, in a manner similar to a private-sector business. It provides both long-term and short-term information about the City's overall financial status. The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer the question - is the City's financial health improving or deteriorating?

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. The statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The reader would need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 expenses 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*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, community development, and interest on long-term debt. The business-type activities of the City include water and sewer, electric, gas, cable TV, solid waste, airport operations, and telecommunications.

The government-wide financial statements include not only the City of Moultrie itself (known as the *primary government*), but also a legally separate Downtown Development Authority, for which the City has some degree of financial accountability. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The primary role of the Fund financial statements is to demonstrate fiscal accountability. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

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, 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, readers may better understand the long-term impact of the government'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 this comparison between *governmental funds* and *governmental activities.*

The City maintains six (6) 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 only, because it is considered to be a major fund. Data from the other five (5) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds
The City maintains one type of proprietary funds. *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 and Sewer Fund, Electric Revenue Fund, Gas Revenue Fund, Cable TV Fund, Solid Waste Fund, Airport Fund, Telecommunications Fund, Warehouse Fund and the Utilities Deposit Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Electric Revenue Fund, Gas Revenue Fund, and the Cable TV Fund, all of which are considered to be major funds of the City. Conversely, the non-major enterprise funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report.

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 statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Table 1 below summarizes the major features of the basic financial statements.

Table 1
Major Features of the Basic Financial Statements

		Fund Financial Statements		
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business	Instances where the City is the trustee or agent for someone else's resources
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenditures, and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $30.9 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (69%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net assets as of September 30, 2006 and 2005.

Table 2
Condensed Statement of Net Assets

	Governmental Activities		Business – type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and other assets	$ 5,527,976	$ 3,471,002	$ 13,016,590	$ 14,328,535	$ 18,544,566	$ 17,799,537
Capital assets	12,966,933	12,079,913	23,251,697	21,227,485	36,218,630	33,307,398
Total assets	18,494,909	15,550,915	36,268,287	35,556,020	54,763,196	51,106,935
Liabilities						
Other liabilities	3,866,851	3,068,743	4,416,649	3,860,917	8,283,500	6,929,660
Long-term liabilities	406,276	496,228	15,192,060	17,714,972	15,598,336	18,211,200
Total liabilities	4,273,127	3,564,971	19,608,709	21,575,889	23,881,836	25,140,860
Net assets						
Invested in capital assets, net of related debt	12,589,628	11,656,428	8,805,974	4,341,130	21,395,602	15,997,558
Restricted	987,112	863,842	430,969	430,087	1,418,081	1,293,929
Unrestricted	645,042	(534,326)	7,422,635	9,208,914	8,067,677	8,674,588
Total net assets	$ 14,221,782	$ 11,985,944	$ 16,659,578	$ 13,980,131	$ 30,881,360	$ 25,966,075

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets exceed liabilities by $30.88 million for 2006 as compared to $25.97 million for 2005 for an increase of 18.9%. Of this amount $16.66 million came from business-type activities and $14.22 million came from governmental activities.

An additional portion of the City's net assets (4.59%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($8.07 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease of $607 thousand or 6.99%.

For governmental activities, the City reported a balance of $645 thousand in unrestricted net assets. This is an increase of $1.18 million from 2005. The business-type activities unrestricted net assets were $7.42 million, a decrease of $1.79 million from 2005.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the years ended September 30, 2006 and 2005. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

Table 3
Condensed Statement of Activities

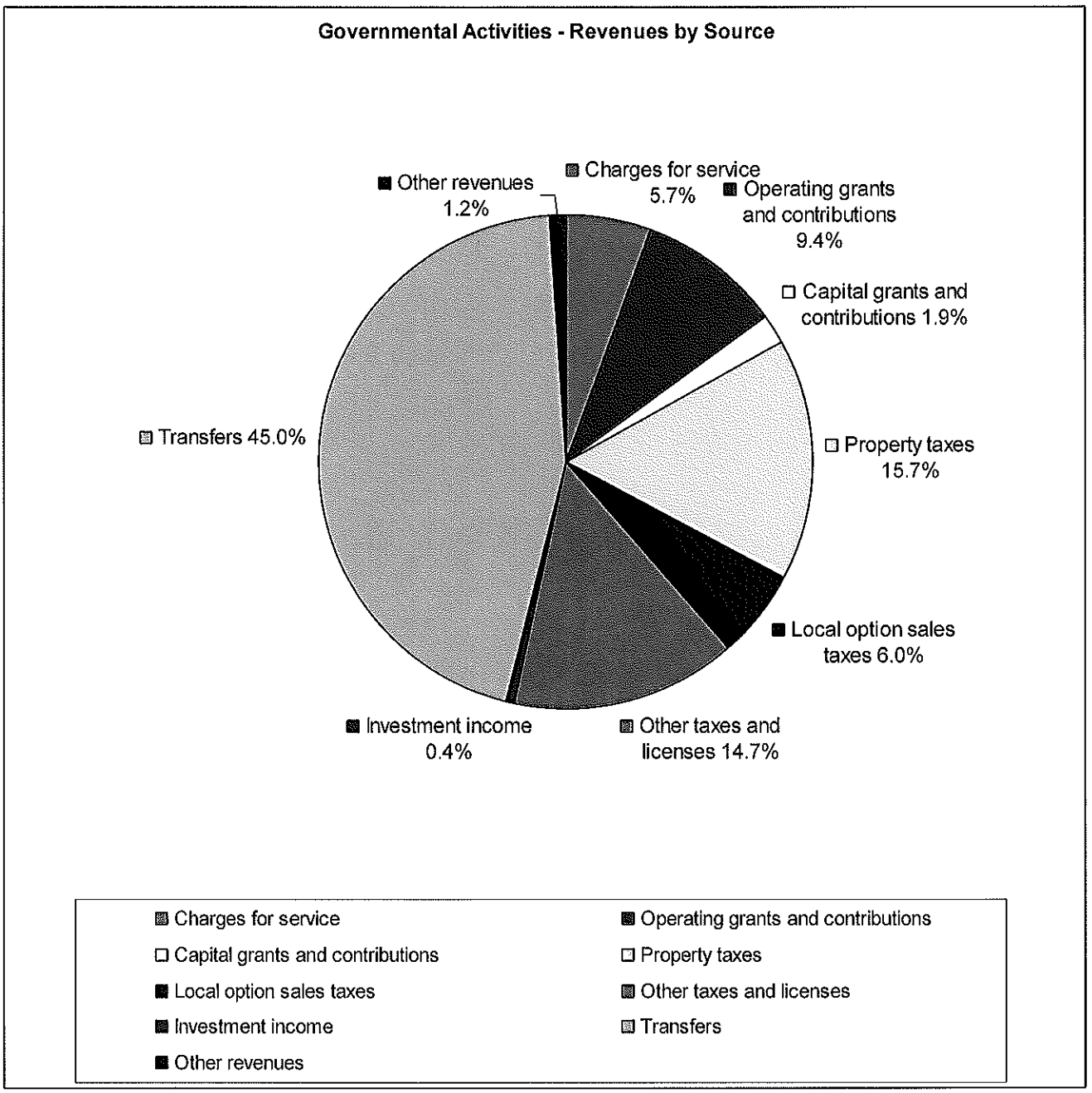
	Governmental Activities		Business – type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	$ 758,219	$ 1,157,047	$ 33,013,510	$ 25,752,774	$ 33,771,729	$ 26,909,821
Operating grants and contributions	1,261,846	820,547	55,986	180,519	1,317,832	1,001,066
Capital grants and contributions	259,317	530,165	--	--	259,317	530,165
General revenues:						
Property taxes	2,090,576	1,943,488	--	--	2,090,576	1,943,488
Local option sales taxes	762,673	632,834	--	--	800,710	632,834
Other taxes	2,003,144	1,583,954	--	--	1,965,107	1,583,954
Investment income	50,948	24,450	170,772	223,741	221,720	248,191
Other revenues	159,780	118,334	15,000	--	174,780	118,334
Total revenues	7,346,503	6,810,819	33,255,268	26,157,034	40,601,771	32,967,853
Expenses						
General government	2,785,171	4,086,093	--	--	2,785,171	4,086,093
Public safety	5,020,144	5,106,446	--	--	5,020,144	5,106,446
Public works	1,783,852	1,639,891	--	--	1,783,852	1,639,891
Parks and recreation	1,328,262	1,245,318	--	--	1,328,262	1,245,318
Community development	183,728	442,426	--	--	183,728	442,426
Interest - long-term debt	21,234	23,406	--	--	21,234	23,406
Water and sewer	--	--	1,045,834	3,080,644	1,045,834	3,080,644
Electric revenue	--	--	12,855,806	11,137,152	12,855,806	11,137,152
Gas revenue	--	--	4,683,873	3,378,219	4,683,873	3,378,219
Cable TV	--	--	3,085,201	2,514,353	3,085,201	2,514,353
Solid waste	--	--	1,827,965	1,739,728	1,827,965	1,739,728
Airport	--	--	235,169	263,402	235,169	263,402
Telecommunications	--	--	306,687	262,083	306,687	262,083
Warehouse	--	--	523,560	--	523,560	--
Total expenses	11,122,391	12,543,580	24,564,095	22,375,581	35,686,486	34,919,161
Increase (decrease) in net assets before transfers	(3,775,888)	5,732,761	8,691,173	3,781,453	4,915,285	(1,951,308)
Transfers	6,011,726	5,481,205	(6,011,726)	(5,481,205)	--	--
Change in net assets	$ 2,235,838	$ (251,556)	$ 2,679,447	$ (1,699,752)	$ 4,915,285	$ (1,951,308)

Governmental activities during the fiscal year ended September 30, 2006, increased the City's net assets by $2.24 million. Business-type activities during the same period increased net assets by $2.68 million. The net change in net assets was an increase of $4.92 million. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2006 revenues from governmental activities at $7.35 million while expenses were $11.12 million. Business-type activities total revenues for 2006 were $33.26 million while expenses were $24.56. The largest revenue source for governmental activities comes from transfers from business-type activities of $6.01 million which is 45% of the total governmental activity funding. Property tax revenues are the next largest governmental activity revenue source at $2.09 million or 16%. Revenues from other taxes are the third largest governmental activity revenue source at $2.00 million or 15%. Business-type activities program revenues exceeded expenses by $8.69 million before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

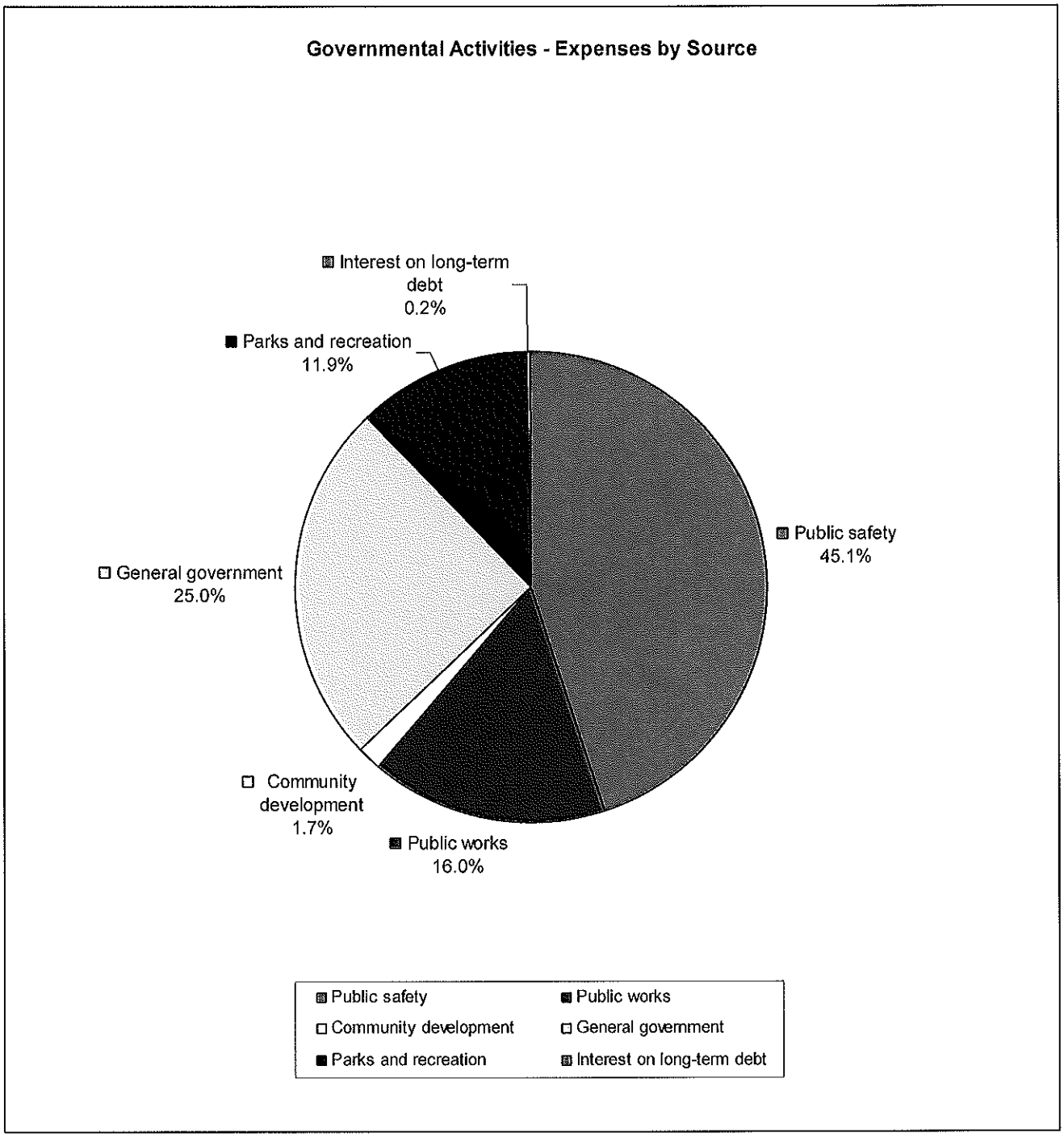
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through transfers from the business-type activities (45%) of the primary government. For the year ended September 30, 2006, these transfers were $6.01 million.



Governmental Activities – Expenses by Source

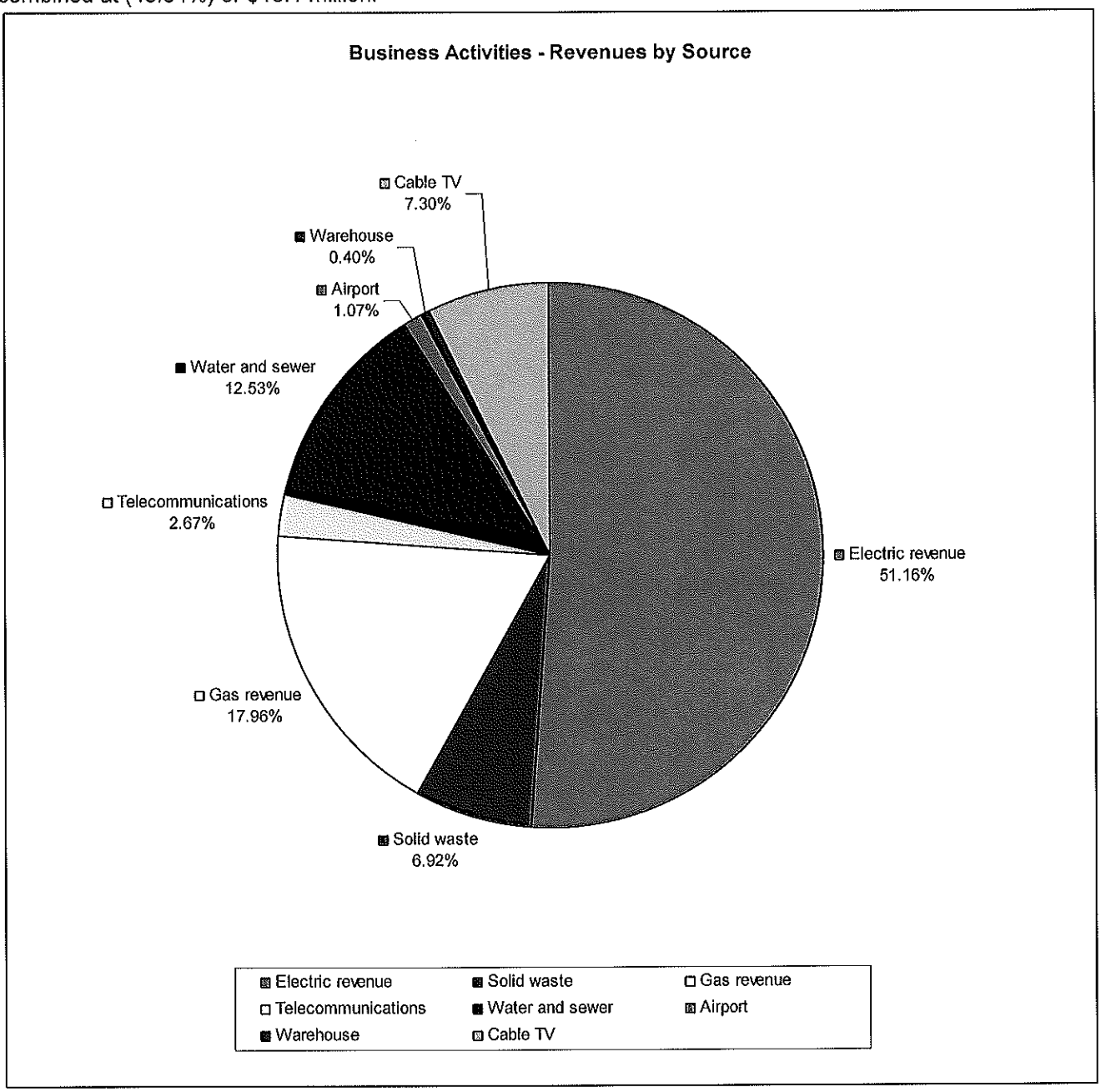
The following chart shows the governmental activities expenses by source. The City of Moultrie spent the greatest amount of its available funding on Public Safety (45.1%). The next largest funding was required for General Government at (25%).



Program Revenues and Expenses for Business-Type Activities

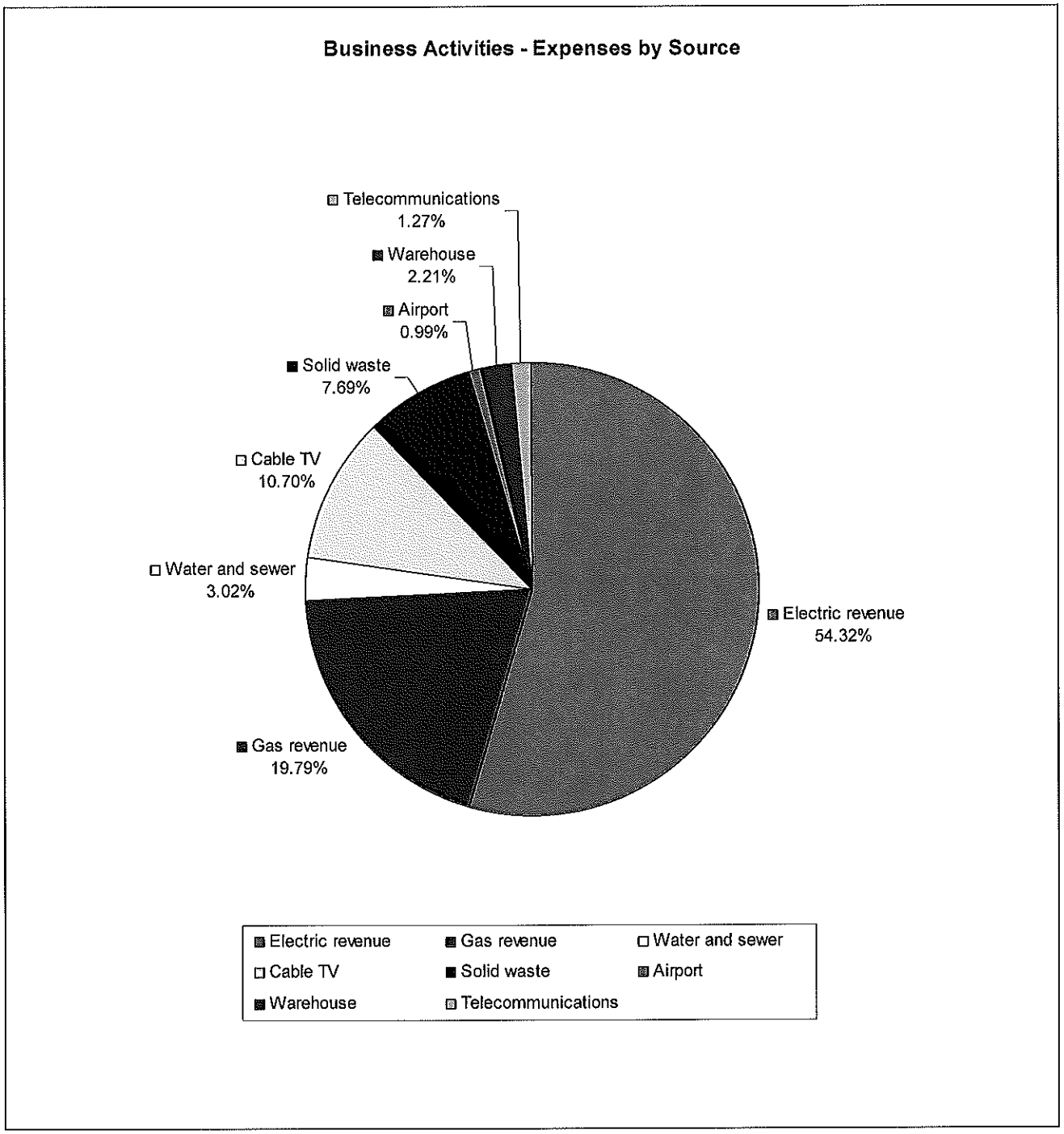
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues (51.16%) or $16.8 million are generated by the Electric Revenue Fund than all other business-type activities combined at (48.84%) or $16.1 million.



Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 54.32% or $12.9 million but generated profits of $4.0 million before its transfers to governmental activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City of Moultrie has only one major governmental fund which is the General Fund. At September 30, 2006, the General Fund had a fund balance of $675 thousand. This is an increase of $1.15 million from the beginning fund balance. The reason for the increase in the fund balance was due primarily to the increased revenues from intergovernmental grants, other taxes and licenses and property taxes. Increases in premiums for property and workers comp insurance as well as salary increases also affected the final fund balance.

The fund balances for the other governmental funds increased by $123 thousand. The final fund balance for these funds was $987 thousand at the end of the year.

Enterprise Funds

The Enterprise Funds, which include the City's Water & Sewer Fund, Electric Fund, Gas Fund, Cable TV Fund, and the non major enterprise funds consisting of the Solid Waste, Airport, and Telecommunications Funds showed a combined cash balance of $4.44 million for the year ended September 30, 2006. This was a decrease of $1.99 million from the previous year.

The Water and Sewer Fund had an ending cash balance of $3.61 million at September 30, 2006. This was a decrease of $2.23 million from the previous year.

The Electric Fund had an ending cash balance of $111 thousand. This is an increase of $111 thousand from the previous year.

The Gas Fund had an ending cash balance of $487 thousand. Its cash balance increased $11 thousand from the beginning of the year.

The Cable TV Fund showed an ending cash balance of $135 thousand which is an increase of $35 thousand from the beginning cash balance.

The combined cash balance of the non-major enterprise funds at the end of the year was $95 thousand. This is an increase of $80 thousand from the beginning cash balance. The cash balance is principally from the operations of the City's Telecommunications Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2006 related to the transfer of budgeted amounts between departments and did not result in additional appropriations.

The actual revenues of the General Fund were more than final budgeted amounts by $1.47 million for the year ended September 30, 2006. The major factor contributing to this difference was additional revenues from other taxes and licenses.

The actual expenditures of the General Fund were less than final budgeted amounts by $467 thousand for the year ended September 30, 2006. The major factor contributing to this difference was a decrease in actual expenditures for public safety.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2006, governmental activities and business-type activities had capital assets of $36.22 million (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities increased $887 thousand from the 2005 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities increased by $2.02 million from the prior year due to current year acquisitions net of depreciation costs.

Additional information on the City's capital assets can be found in Note G of the Notes to Financial Statements.

Long-term Debt

The City's total long-term debt consists of revenue bonds, long-term notes, capital leases, compensated absences and other long-term liabilities.

At September 30, 2006, the City had $596 thousand of outstanding long-term liabilities related to governmental activities and $16.324 million of long-term liabilities related to business-type activities for a total of $16.920 million compared to the previous year's total of $19.368 million. This is a decrease of $2.448 million as a result of scheduled principal payments and a reduction in the amount due for the environmental remediation liability.

The City's component unit also had $3.743 million in long-term debt outstanding in connection with Downtown Development Authority Revenue Bonds used to construct a United States Post Office and a Georgia Department of Labor. Under a lease agreement with the Postal Service, the Postal Service is to make rental payments to be used for the purpose of paying the principal and interest payments on the bonds until November of 2017. Under a lease agreement with the Department of Labor, the Department of Labor is to make rental payments to be used for the purpose of paying the principal and interest payments on the bonds for a period of twenty years.

Additional information on the City's capital assets can be found in Note H of the Notes to Financial Statements.

FACTORS AFFECTING THE 2006 BUDGET

The Mayor and Council of the City of Moultrie considered many factors when approving the City's 2006 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and council chose to continue to use additional transfers from certain business-type activities to other business-type activities and to fund governmental activities and to use reserves and reductions in fund balances to fund operations and capital expenses in 2006 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to:

City Finance Department
City of Moultrie
P. O. Box 3368
Moultrie, Georgia 31776

Basic Financial Statements

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CITY OF MOULTRIE, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 1,861,326	$ 1,464,124	$ 3,325,450	$ 2,374,254
Investments	-	964,798	964,798	-
Accounts receivable, net	427,997	2,690,495	3,118,492	-
Property tax receivable	2,633,169	-	2,633,169	-
Inventories	87,766	1,641,667	1,729,433	-
Other current assets	138,928	120,440	259,368	322
Due from other governments	25,764	-	25,764	-
Due from component unit	-	23,960	23,960	-
Internal balances	(709,449)	709,449	-	-
Restricted assets:				
Cash and cash equivalents	272,949	2,976,264	3,249,213	54,547
Investments	-	1,393,153	1,393,153	-
Sales tax receivable	36,286	-	36,286	-
Program receivables	559,670	-	559,670	-
Investment in SGBDA	-	1,032,240	1,032,240	-
Other noncurrent assets	193,570	-	193,570	133,029
Capital assets:			-	
Land	1,394,670	1,328,053	2,722,723	397,296
Construction in progress	-	-	-	-
Other capital assets, net of accumulated depreciation	11,572,263	21,923,644	33,495,907	1,168,951
Total assets	18,494,909	36,268,287	54,763,196	4,128,399
LIABILITIES				
Accounts payable	644,225	2,395,054	3,039,279	55,131
Accrued expenses	89,089	331,643	420,732	133,029
Customer deposits	-	557,890	557,890	-
Deferred revenues	2,735,913	-	2,735,913	-
Due to other governments	208,019	-	208,019	-
Due to primary government	-	-	-	23,960
Liabilities payable from restricted assets	171	-	171	-
Long-term liabilities:				
Due within one year	189,434	1,132,062	1,321,496	37,164
Due in more than one year	406,276	15,192,060	15,598,336	3,706,036
Total liabilities	4,273,127	19,608,709	23,881,836	3,955,320
NET ASSETS				
Invested in capital assets, net of related debt	12,589,628	8,805,974	21,395,602	-
Restricted for:				
Debt service	-	430,969	430,969	-
Capital projects	899,111	-	899,111	-
Public services	88,001	-	88,001	-
Unrestricted (deficit)	645,042	7,422,635	8,067,677	173,079
Total net assets	$ 14,221,782	$ 16,659,578	$ 30,881,360	$ 173,079

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2006

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 2,785,171	$ 608,282	$ 418,123	$ 253,597	$ (1,505,169)
Public safety	5,020,144	38,998	241,899	-	(4,739,247)
Public works	1,783,852	(5,720)	-	5,720	(1,783,852)
Parks and recreation	1,328,262	116,659	601,824	-	(609,779)
Community development	183,728	-	-	-	(183,728)
Interest on long-term debt	21,234	-	-	-	(21,234)
Total governmental activities	11,122,391	758,219	1,261,846	259,317	(8,843,009)
Business-type activities:					
Water and sewer	1,045,834	4,122,647	-	-	3,076,813
Electric revenue	12,855,806	16,778,721	55,986	-	3,978,901
Gas revenue	4,683,873	5,908,966	-	-	1,225,093
Cable TV	3,085,201	2,403,032	-	-	(682,169)
Solid waste	1,827,965	2,276,038	-	-	448,073
Airport	235,169	513,288	-	-	278,119
Telecommunications	306,687	879,929	-	-	573,242
Warehouse	523,560	130,889	-	-	(392,671)
Total business-type activities	24,564,095	33,013,510	55,986	-	8,505,401
Total primary government	35,686,486	33,771,729	1,317,832	259,317	(337,608)
Component unit:					
Downtown Development Authority	$ 186,241	$ 213,505	$ -	$ -	$ 27,264

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF ACTIVITIES (continued)
For the Year Ended September 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Change in net assets:				
Net (expense) revenue	$ (8,843,009)	$ 8,505,401	$ (337,608)	$ 27,264
General revenues:				
Taxes:				
Property taxes	2,090,576	-	2,090,576	-
Local option sales taxes	762,673	-	762,673	-
Other taxes	2,003,144	-	2,003,144	-
Investment income	50,948	170,772	221,720	4,847
Gain (loss) on disposal of capital assets	-	15,000	15,000	-
Other revenues	159,780	-	159,780	-
Transfers	6,011,726	(6,011,726)	-	-
Total general revenues and transfers	11,078,847	(5,825,954)	5,252,893	4,847
Change in net assets	2,235,838	2,679,447	4,915,285	32,111
Net assets, beginning of year	11,985,944	13,980,131	25,966,075	140,968
Net assets, end of year	$ 14,221,782	$ 16,659,578	$ 30,881,360	$ 173,079

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2006

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,861,326	$ -	$ 1,861,326
Investments	-	-	-
Accounts receivable, net	427,997	-	427,997
Property tax receivable	2,633,169	-	2,633,169
Inventories	87,766	-	87,766
Other current assets	138,928	-	138,928
Due from other governments	25,764	-	25,764
Due from component unit	-	-	-
Due from general fund	-	252,973	252,973
Due from other funds	528,857	-	528,857
Restricted assets:		-	-
Cash and cash equivalents	-	272,949	272,949
Investments	-	-	-
Sales tax receivable	36,286	-	36,286
Program receivables	-	559,670	559,670
Total assets	5,740,093	1,085,592	6,825,685
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	641,698	2,527	644,225
Accrued expenses	81,878	1,894	83,772
Customer deposits	-	-	-
Deferred revenues	2,662,936	72,977	2,735,913
Due to other governments	190,428	17,591	208,019
Due to General Fund	-	770	770
Due to other funds	1,487,959	2,550	1,490,509
Liabilities payable from restricted assets	-	171	171
Total liabilities	5,064,899	98,480	5,163,379
Fund balances			
Reserved for:			
Debt service	-	-	-
Specific projects	-	909,352	909,352
Public services	-	88,001	88,001
Unreserved (deficit), reported in			-
General Fund	675,194	-	675,194
Capital projects funds	-	(10,241)	(10,241)
Total fund balances (deficit)	675,194	987,112	1,662,306
Total liabilities and fund balances (deficit)	$ 5,740,093	$ 1,085,592	$ 6,825,685

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
September 30, 2006

Total governmental fund balances	$	1,662,306
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,966,933
Net pension asset that is not a financial asset in governmental activities and therefore not reported in governmental funds		193,570
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Expenses		(5,317)
Capital leases		(378,882)
Compensated absences		(216,828)
Net assets of governmental activities	$	14,221,782

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 2,090,576	$ -	$ 2,090,576
Local option sales taxes	-	762,673	762,673
Other taxes and licenses	1,804,613	198,531	2,003,144
Fines, forfeitures and fees	608,282	-	608,282
Charges for services	155,657	(5,720)	149,937
Investment income	21,746	29,202	50,948
Intergovernmental	961,669	559,494	1,521,163
Other revenues	122,026	-	122,026
Total revenues	5,764,569	1,544,180	7,308,749
EXPENDITURES			
Current:			
General government	2,338,836	-	2,338,836
Public safety	5,176,537	-	5,176,537
Public works	1,477,934	-	1,477,934
Parks and recreation	1,291,644	-	1,291,644
Nondepartmental	236,194	-	236,194
Capital outlays	-	1,455,690	1,455,690
Debt service:			
Principal	179,460	-	179,460
Interest	21,234	-	21,234
Total expenditures	10,721,839	1,455,690	12,177,529
Excess (deficiency) of revenues over expenditures	(4,957,270)	88,490	(4,868,780)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	6,020,881	34,780	6,055,661
Transfers to other funds	(43,935)	-	(43,935)
Sale of capital assets	-	-	-
Long - term debt issued	133,280	-	133,280
Total other financing sources (uses)	6,110,226	34,780	6,145,006
Net change in fund balances	1,152,956	123,270	1,276,226
Fund balances (deficit), beginning of year	(477,762)	863,842	386,080
Fund balances (deficit), end of year	$ 675,194	$ 987,112	$ 1,662,306

See accompanying notes to financial statements.

CITY OF MOULTRIE, 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, 2006

Net change in fund balances - total governmental funds	$	1,276,226
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital asset purchases capitalized		1,727,284
Depreciation expense		(840,264)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued		(133,280)
Debt payments made		179,460
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		26,412
Change in net assets of governmental activities	$	2,235,838

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ 2,076,540	$ 2,076,540	$ 2,090,576	$ 14,036
Local option sales taxes	-	-	-	-
Other taxes and licenses	973,646	973,646	1,804,613	830,967
Fines, forfeitures and fees	388,440	388,440	608,282	219,842
Charges for services	150,900	150,900	155,657	4,757
Investment income	3,500	3,500	21,746	18,246
Intergovernmental	625,317	625,317	961,669	336,352
Other revenues	75,000	75,000	122,026	47,026
Total revenues	4,293,343	4,293,343	5,764,569	1,471,226
EXPENDITURES				
Current:				
General government				
City council	920,307	871,823	849,137	22,686
City manager	208,593	208,593	202,287	6,306
Finance	269,939	269,939	254,184	15,755
Purchasing	144,952	144,952	141,619	3,333
Legal	-	-	22,399	(22,399)
Information systems	162,092	186,414	175,476	10,938
Municipal court	-	-	-	-
Human resources	157,837	157,837	156,060	1,777
City hall	89,705	89,705	84,400	5,305
Main street program	62,871	62,871	60,531	2,340
Engineering	424,664	424,664	396,108	28,556
Garage	-	-	(3,365)	3,365
Total general government	2,440,960	2,416,798	2,338,836	77,962
Public safety				
Police	2,884,631	2,888,313	2,753,061	135,252
Fire	2,480,076	2,520,076	2,423,476	96,600
Code enforcement	-	-	-	-
Total public safety	5,364,707	5,408,389	5,176,537	231,852
Public works				
Office of the director	151,292	151,892	164,963	(13,071)
Streets and sidewalks	990,198	990,198	870,277	119,921
Beautification	511,976	511,976	442,694	69,282
Total public works	1,653,466	1,654,066	1,477,934	176,132
Parks and recreation				
Recreation	1,225,968	1,232,128	1,161,988	70,140
Parks and cemetery	49,746	58,766	69,803	(11,037)
Northwest Community Center	54,177	54,177	59,853	(5,676)
Total parks and recreation	1,329,891	1,345,071	1,291,644	53,427

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
Nondepartmental	360,124	364,824	236,194	128,630
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	179,460	(179,460)
Interest	-	-	21,234	(21,234)
Total expenditures	11,149,148	11,189,148	10,721,839	467,309
Excess (deficiency) of revenues over expenditures	(6,855,805)	(6,895,805)	(4,957,270)	1,938,535
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	6,259,433	6,259,433	6,020,881	(238,552)
Transfers to other funds	-	-	(43,935)	(43,935)
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	133,280	133,280
Total other financing sources (uses)	6,259,433	6,259,433	6,110,226	(149,207)
Net change in fund balances	(596,372)	(636,372)	1,152,956	1,789,328
Fund balances (deficit), beginning of year	(477,762)	(477,762)	(477,762)	-
Fund balances (deficit), end of year	$ (1,074,134)	$ (1,114,134)	$ 675,194	$ 1,789,328

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2006

	Business Type Activities - Enterprise Funds					
	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 1,234,268	$ -	$ -	$ 135,259	$ 94,597	$ 1,464,124
Investments	-	964,798	-	-	-	964,798
Accounts receivable, net	372,054	1,691,131	273,537	222,966	130,807	2,690,495
Inventories	180,459	1,084,310	212,109	-	164,789	1,641,667
Other current assets	30,164	28,337	13,983	2,606	45,350	120,440
Total current assets	1,816,945	3,768,576	499,629	360,831	435,543	6,881,524
Non - current assets						
Due from general fund	28,871	126,825	-	-	1,079,290	1,234,986
Due from other funds	340,196	2,484,936	458,197	-	565,112	3,848,441
Due from component unit	-	11,980	11,980	-	-	23,960
Investment in SGBDA	-	-	-	1,032,240	-	1,032,240
Restricted assets - cash	2,377,770	111,029	487,465	-	-	2,976,264
Restricted assets - investments	519,313	-	-	873,840	-	1,393,153
Capital assets:						
Land	94,590	1,143,589	89,874	-	-	1,328,053
Construction in progress	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	8,943,812	3,886,289	478,686	7,151,242	1,463,615	21,923,644
Total assets	14,121,497	11,533,224	2,025,831	9,418,153	3,543,560	40,642,265
LIABILITIES						
Current liabilities						
Accounts payable	214,351	1,247,779	228,440	482,557	221,927	2,395,054
Accrued expenses	172,192	39,255	16,575	49,899	53,722	331,643
Current portion of long - term debt	165,964	-	-	-	190,971	356,935
Customer deposits	-	-	-	-	557,890	557,890
Due to other governments	-	-	-	-	-	-
Due to general fund	-	-	120	478,283	49,684	528,087
Due to other funds	467,881	194,532	243,038	2,238,241	702,199	3,845,891
Liabilities payable from restricted assets:						
Current portion of long - term debt	358,663	-	-	416,464	-	775,127
Total current liabilities	1,379,051	1,481,566	488,173	3,665,444	1,776,393	8,790,627
Long - term debt, net of current portion	6,642,393	-	-	8,298,177	41,490	14,982,060
Other liabilities - environmental remediation	210,000	-	-	-	-	210,000
Total liabilities	8,231,444	1,481,566	488,173	11,963,621	1,817,883	23,982,687
NET ASSETS						
Invested in capital assets, net of related debt	1,976,382	5,029,878	568,560	-	1,231,154	8,805,974
Restricted for debt service	430,969	-	-	-	-	430,969
Unrestricted (deficit)	3,482,702	5,021,780	969,098	(2,545,468)	494,523	7,422,635
Total net assets	$ 5,890,053	$10,051,658	$ 1,537,658	$ (2,545,468)	$ 1,725,677	$16,659,578

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds					
	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES						
Utility revenues	$ -	$16,778,721	$ 5,908,966	$ -	$ -	$22,687,687
Charges for services	4,122,647	-	-	2,403,032	3,639,042	10,164,721
Intergovernmental	-	55,986	-	-	-	55,986
Total operating revenues	4,122,647	16,834,707	5,908,966	2,403,032	3,639,042	32,908,394
OPERATING EXPENSES						
Salaries and wages	606,441	878,664	196,740	78,727	1,001,022	2,761,594
Operating, administrative and maintenance	(564,503)	11,580,577	4,405,362	2,075,283	1,625,832	19,122,551
Depreciation	672,348	396,565	81,771	379,279	252,252	1,782,215
Total operating expenses	714,286	12,855,806	4,683,873	2,533,289	2,879,106	23,666,360
Operating income (loss)	3,408,361	3,978,901	1,225,093	(130,257)	759,936	9,242,034
NON - OPERATING INCOME (EXPENSES)						
Interest income	95,474	57,944	14,136	1,542	1,676	170,772
Interest expense	(331,548)	-	-	(551,912)	(14,275)	(897,735)
Gain (loss) on disposal of capital assets					15,000	15,000
Income (loss) before contributions and transfers	3,172,287	4,036,845	1,239,229	(680,627)	762,337	8,530,071
Capital contributions	-	-	-	-	161,102	161,102
Transfers from other funds	-	298,084	-	250,000	405,818	953,902
Transfers to other funds	(626,547)	(4,583,109)	(782,046)	(202,323)	(771,603)	(6,965,628)
Change in net assets	2,545,740	(248,180)	457,183	(632,950)	557,654	2,679,447
Net assets (deficit), beginning of year	3,344,313	10,299,838	1,080,475	(1,912,518)	1,168,023	13,980,131
Net assets (deficit), end of year	$ 5,890,053	$10,051,658	$ 1,537,658	$ (2,545,468)	$ 1,725,677	$16,659,578

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds					
	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	$ 4,006,375	$15,801,509	$ 5,803,439	$ 2,443,105	$ 3,686,492	$ 31,740,920
Other operating receipts	-	55,986	-	-	-	55,986
Cash payments to employees	(605,936)	(875,197)	(196,796)	(76,718)	(993,766)	(2,748,413)
Cash payments to suppliers	(822,045)	(11,281,471)	(4,504,897)	(2,102,362)	(1,704,022)	(20,414,797)
Net cash provided (used) by operating activities	2,578,394	3,700,827	1,101,746	264,025	988,704	8,633,696
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	298,084	-	250,000	405,818	953,902
Transfers to other funds	(626,547)	(4,583,109)	(782,046)	(202,323)	(771,603)	(6,965,628)
Net change in due from general fund	(5,261)	(41,235)	-	-	(318,394)	(364,890)
Net change in due from other funds	(324,656)	781,192	(308,197)	-	52,964	201,303
Net change in due from component unit	-	-	-	-	-	-
Net change in due to general fund	-	-	(8,808)	132,725	(363,499)	(239,582)
Net change in due to other funds	(1,341,084)	122,747	24,719	498,799	492,628	(202,191)
Net cash provided (used) by noncapital financing activities	(2,297,548)	(3,422,321)	(1,074,332)	679,201	(502,086)	(6,617,086)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of long - term debt	-	-	-	-	81,775	81,775
Proceeds from sale of assets	-	-	-	-	15,000	15,000
Proceeds from capital contributions	-	-	-	-	161,102	161,102
Acquisition and construction of capital assets	(1,865,906)	(1,330,750)	(30,065)	(146,298)	(433,408)	(3,806,427)
Principal payments on long - term debt	(404,109)	-	-	(415,000)	(218,035)	(1,037,144)
Interest paid	(338,748)	-	-	(348,295)	(14,275)	(701,318)
Net cash provided (used) by capital and related financing activities	(2,608,763)	(1,330,750)	(30,065)	(909,593)	(407,841)	(5,287,012)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	1,500,000	-	-	-	1,500,000
Purchase of investments	-	(394,671)	-	-	-	(394,671)
Loan disbursements	-	-	-	-	-	-
Interest received	95,474	57,944	14,136	1,542	1,676	170,772
Net cash provided (used) by investing activities	95,474	1,163,273	14,136	1,542	1,676	1,276,101
Net increase (decrease) in cash and cash equivalents	(2,232,443)	111,029	11,485	35,175	80,453	(1,994,301)
Cash and cash equivalents, beginning of year	5,844,481	-	475,980	100,084	14,144	6,434,689
Cash and cash equivalents, end of year	$ 3,612,038	$ 111,029	$ 487,465	$ 135,259	$ 94,597	$ 4,440,388

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds					
	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 3,408,361	$ 3,978,901	$ 1,225,093	$ (130,257)	$ 759,936	$ 9,242,034
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	672,348	396,565	81,771	379,279	252,252	1,782,215
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(116,272)	(977,212)	(105,527)	40,073	23,418	(1,135,520)
Inventories	-	-	(48,342)	-	(164,789)	(213,131)
Other current assets	(3,722)	(1,842)	(567)	(391)	(1,260)	(7,782)
Due from general fund	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Increase (decrease) in:						
Accounts payable	153,200	300,948	(50,626)	(26,688)	87,859	464,693
Accrued expenses	(1,535,521)	3,467	(56)	2,009	31,288	(1,498,813)
Due to general fund					-	-
Due to other funds					-	-
Net cash provided (used) by operating activities	$ 2,578,394	$ 3,700,827	$ 1,101,746	$ 264,025	$ 988,704	$ 8,633,696

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2006

	Pension Trust Fund	Agency Fund-Municipal Court
ASSETS		
Cash and cash equivalents	$ 551,823	67,000
Investments:		
U.S. Government securities	1,631,362	-
Corporate bonds	3,141,018	-
Equities - common stock	3,078,792	-
Mutual funds	571,454	-
Certificate of deposit	260,671	-
Receivables:		
Employer and employee's contribution	21,164	-
Accrued investment income	84,661	-
Total assets	9,340,945	67,000
LIABILITIES		
Settlements payable	-	-
Due to others	-	67,000
Total liabilities	-	67,000
NET ASSETS		
Held in trust for pension benefits (a schedule of funding progress is presented in the notes to financial statements)	$ 9,340,945	$ -

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended September 30, 2006

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	$ 262,356
Participants	262,356
Total contributions	524,712
Investment income	
Net depreciation in fair value of investments	(210,844)
Interest and dividends	399,370
Less - investment expenses	(68,811)
Net investment income	119,715
Total additions	644,427
DEDUCTIONS	
Pension benefits paid	369,617
Administrative expenses	19,084
Total deductions	388,701
Net increase	255,726
Net assets held in trust for pension benefits	
Beginning of year	9,085,219
End of Year	$ 9,340,945

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Moultrie, Georgia (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, including component units, The City has adopted GASB Statement of Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.* The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989 unless those pronouncements are inconsistent with GASB pronouncements. The more significant of the government's accounting policies are described below.

I. Reporting Entity

The City of Moultrie was created in December, 1879, under the provisions of an act by the General Assembly of the State of Georgia. The City's Charter provides for a Council/Manager form of government. The City Manager is the head of the administrative branch of government and is responsible for the day-to-day operations of the city government. The legislative authority of the City is vested in the Mayor and six Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire), public works, airport, recreation, animal control, emergency management and public utilities (water and sewer, gas, electric, solid waste and cable TV).

The financial reporting entity has been determined by management in accordance with generally accepted accounting principles to be the City of Moultrie (the primary government) and its component unit. A component unit is a legally separate organization for which the primary government is financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units.

The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of the component unit included in the City's reporting unit as a discretely presented component unit.

Downtown Development Authority of the City of Moultrie

The Downtown Development Authority of the City of Moultrie (the Authority) plans and develops the downtown area of the City in order to attract new business and residences. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. The Authority is reported as a proprietary fund type component unit. Separate financial statements are not issued.

II. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Changes in Net Assets) report information on all non-fiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government – Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and the fiduciary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Certain eliminations have been made as prescribed by GASB Statement of Accounting Standards No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments* in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net

current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues to be available if they are collected within sixty days after year end. Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The *General Fund* is the principal fund of the City and is used to account for all of its activities not otherwise accounted for by a specified fund.

Additionally the City reports the following governmental fund types:

The *Special Revenue Fund* is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The *Capital Projects Funds* are used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds. These projects are financed through budget appropriations, revenue bonds, sales tax proceeds and general obligation sales tax, and capital leases.

Proprietary Funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

The City reports the following major enterprise funds:

The *Water and Sewer Fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The *Electric Revenue Fund* accounts for the provisions of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The *Gas Revenue Fund* accounts for the provision of gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The *Cable TV Fund* accounts for the provision of cable television services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Fiduciary Funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for assets held on behalf of outside parties, including other governments, or

on behalf of other funds within the government. The City reports the following fiduciary funds:

> The *Pension Trust Fund* is used to account for the activities of the City's Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified City employees.

Component Units: All component units are reported using the *economic resources measurement focus basis* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored through subsequent years' budget appropriations.

Cash and Cash Equivalents

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less.

Investments

Statutes authorize the City to invest in obligations of the U. S. Treasury, other U.S. Government agencies, the State of Georgia, other counties, municipal corporations and political subdivisions of the State of Georgia, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. The fair values of investments in external investment pools are the same as the value of the pool shares.

Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Inventories

Inventory in enterprise funds is valued at the lower of cost or market. Inventory in the General Fund is valued at cost and consists of expendable supplies held for consumption. The City accounts for inventory on the purchase basis.

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

Interfund Receivables / Payables

Outstanding balances between funds at the end of the fiscal year are referred to as either "Due From Other Funds" or "Due To Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

Restricted Assets

Proceeds from certain revenues and other resources in the General Fund, Special Revenue Fund and Capital Projects Funds are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable statutes or agreements. The Water and Sewer Fund and Cable TV Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources, consisting of cash and temporary investments that can be used only to service outstanding debt.

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. The City's policy has set the capitalization threshold at $1,000 for reporting capital assets and infrastructure assets. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the year ended September 30, 2006, $133,029 of interest was capitalized within the component unit.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Governmental Assets:	
Buildings and improvements	50 years
Machinery and equipment	5 – 15 years
Infrastructure	25 years
Business-type Assets:	
Buildings	5 – 50 years
Improvements other than buildings	2 – 50 years
Machinery and equipment	3 – 50 years

Compensated Absences

City employees accrue vacation in different amounts, according to the number of years of service. Employees under ten years of service accrue two weeks of vacation each year. Upon reaching ten years of service, employees can accrue three weeks per year. These days can be taken either through time off or by payment upon termination. The third week accrued for employees with over ten years of service can also be paid out as additional compensation while still employed.

Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination if termination is by manner other than death or retirement. One-half of the excess accrued hours over sixty days at the end of the year is paid out to employees. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when it is expected to be liquidated with expendable available resources.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Pursuant to GASB Statement of Accounting Standards No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the Plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not significantly different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserved fund balances represent those portions of fund equity legally segregated for a specific future use or otherwise not appropriable for expenditure. Designated fund balances represent tentative management plans for future use of financial resources that are subject to change.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects

Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At September 30, 2006, there were no encumbrances outstanding.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

I. Budget Process

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the City's financial position. An annual operating budget is prepared for the General Fund, Special Revenue Fund and Enterprise Funds.

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

1) Budget requests are completed in July.
2) Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council in August.
3) Public hearings on the proposed budget are held in August and September.
4) The budget is legally adopted by the Mayor and the City Council in September.
5) All budget revisions must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of $5,000 between object categories within departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the object category level. Revisions that alter the total expenditures of any department or fund must be approved by the City Council.
6) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund, Capital Projects Funds and the Enterprise Funds.
7) Budgets for the General Fund, Special Revenue Fund and the Enterprise Funds are adopted on a basis consistent with accounting principals generally accepted in the United States of America.

II. Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the City in the Capital Projects Fund, are subject to budgetary control on a project basis. The budgets are approved by the City Council and are generally subject to specific provisions of voter referendums, State statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

III. Excess of Expenditures Over Appropriations in Individual Funds

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended September 30, 2006:

Department		Excess of Expenditures Over Budgeted Amounts
Legal	$	22,399
Public Works - Office of the director	$	13,071
Parks and cemetery	$	11,037
Northwest Community Center	$	5,676

These over expenditures were funded by greater than anticipated revenues, transfers and by available fund balance.

The following funds incurred actual expenditures in excess of budgeted amounts for the year ended September 30, 2006:

Fund		Excess of Expenditures Over Budgeted Amounts
Multiple Grants Fund	$	525,524
Hotel / Motel Tax Fund	$	22,468

The following funds had deficit fund balances / retained earnings as of September 30, 2006:

Fund		Deficit
SPLOST Fund	$	10,241
Cable TV Fund	$	2,545,468

The fund deficits above are expected to be reduced through increased user charges and General Fund appropriations.

NOTE C - DEPOSITS AND INVESTMENTS

I. Cash on Deposit

The City's deposits include cash on deposit with financial institutions, cash equivalents, including money market accounts, and cash invested in the State of Georgia's local government investment pool, Georgia Fund 1. Cash

equivalents subject to federal and state depository insurance are classified as deposits. For cash deposits, the bank balance is classified into three categories of credit risk:

1) Cash that is insured or collateralized with securities held by the government or by its agent in the government's name.
2) Cash collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.
3) Cash collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name, or uncollateralized.

The Georgia Code requires that depository institutions collateralize cash deposits of public funds. Depositories of public funds may secure deposits by the insurance of the F.D.I.C., pledged securities, or a combination of these methods. The market value of pledged securities shall be equal to or not less than 100 percent of the deposited public funds.

As of September 30, 2006, the carrying amount of the City's deposits was $7,193,486 and the bank balance was $7,366,049. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 230,217	$ 7,135,832	$ --	$ 7,366,049

As of September 30, 2006, the carrying amount of deposits for the Downtown Development Authority was $2,428,801 and the bank balances were $2,411,759. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ --	$ 2,411,759	$ --	$ 2,411,759

II. Investments

The City's investment policies are authorized by State Statutes and City Ordinances. Permissible investments include securities of the United States Treasury, agencies and instrumentalities, repurchase agreements and the Georgia Fund 1 investment pool regulated by the Georgia Office of Treasury and Fiscal Services.

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

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City can elect to have their funds deposited in MEAG's voluntary

flexible operating account fund in lieu of receiving a refund. This voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct the MEAG to retain or use the discretionary funds. At September 30, 2006, the City's balance in the discretionary stabilization fund was $964,798.

Investments are categorized into three categories of credit risk:

1) Insured or registered, or securities held by the City or its agent in the City's name.
2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

As of September 30, 2006, the City's investments were classified as follows:

	Category				
	1	2	3	Cost	Fair Value
Pension Trust Fund					
U.S. Government Securities	$ --	$ 1,631,362	$ --	$ 1,651,012	$ 1,631,362
Corporate Bonds	--	3,141,018	--	3,267,428	3,141,018
Equities – Common Stock	--	3,078,792	--	2,922,835	3,078,792
Mutual Funds	--	571,454	--	620,856	571,454
Certificate of Deposit	--	260,671	--	260,671	260,671
Proprietary Funds					
U.S. Government Securities		1,393,153		1,384,988	1,393,153
Municipal Competitive Trust – Short -term	--	964,798	--	964,798	964,798
				$ 11,072,588	$ 11,041,248

As of September 30, 2006, the City's Credit and Interest Rate Risk related to the City's investments were as follows:

	Fair Value	Maturities	Credit Quality
Pension Trust Fund			
U.S. Government Securities	$ 1,631,362	February 9, 2007 thru November 5, 2012	Unavailable
Corporate Bonds	3,141,018	December 1, 2006 thru March 15, 2011	Unavailable
Equities – Common Stock	3,078,792	Not applicable	Unavailable
Mutual Funds	571,454	Not applicable	Unavailable
Certificate of Deposit	260,671	January 13, 2007	Unavailable
Proprietary Funds			
U.S. Government Securities	1,393,153	October 5, 2006 thru December 28, 2006	Not applicable
Municipal Competitive Trust– Short -term	964,798	October 4, 2006 February 23, 2007	AAA
	$ 11,041,248		

III. Reconciliation of Cash and Investments to Financial Statement Presentation

A reconciliation of cash and investments of the primary government as shown above to the corresponding amounts shown on the Statement of Net Assets is as follows:

Cash – Primary Government from above	$ 7,193,486
Investments from above	11,041,248
Total	$ 18,234,734
Amounts as presented on the entity-wide Statement of Net Assets	
Governmental Activities:	
Cash and cash equivalents	$ 1,861,326
Restricted cash and cash equivalents	272,949
Business-type Activities:	
Cash and cash equivalents	1,464,124
Investments	964,798
Restricted cash and cash equivalents	2,976,264
Restricted investments	1,393,153
Amounts as presented on the Statement of Fiduciary Net Assets	
Cash and cash equivalents	618,823
Investments	8,683,297
Total	$ 18,234,734

NOTE D – RECEIVABLES AND TAX REVENUE

I. Property Tax

Property taxes were levied in September 2005 and payable before December 2005 for the fiscal year 2006 tax. Property tax revenues are recognized when levied to the extent they result in current receivables. The City's fiscal year 2006 tax was levied prior to September 30, 2006 and was recorded as taxes receivable and deferred revenue within the City's General Fund.

The tax rate levied during fiscal year 2006 for the City's operations were 11.250 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at September 30, 2006.

II. Sales Tax

Colquitt County, Georgia has levied two 1% Special Purpose Local Option Sales Tax Programs (SPLOST) which were passed by referendum in 1994 and 2001. The proceeds from these sales tax programs are used to finance various capital projects. The SPLOST programs are administered by Colquitt County, Georgia.

III. Receivables

Receivables as of September 30, 2006 are as follows:

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund
Accounts Receivable	$ 477,682	$ --	$ 558,054	$ 2,260,131	$ 388,537
Property Tax Receivable	2,633,169	--	--	--	--
Sales Tax Receivable	91,350	--	--	--	--
Program Receivables	--	817,790	--	--	--
Gross Receivables	3,202,201	817,790	558,054	2,260,131	388,537
Less: Allowance for Uncollectibles	(104,749)	(258,120)	(186,000)	(569,000)	(115,000)
Net Total Receivables	$ 3,097,452	$ 559,670	$ 372,054	$ 1,691,131	$ 273,537

	Cable TV Fund	Nonmajor Enterprise Funds	Total
Accounts Receivable	$ 349,966	$ 191,207	$ 4,225,577
Property Tax Receivable	--	--	2,633,169
Sales Tax Receivable	--	--	91,350
Program Receivables	--	--	817,790
Gross Receivables	349,966	191,207	7,767,886
Less: Allowance for Uncollectibles	(127,000)	(60,400)	(1,420,269)
Net Total Receivables	$ 222,966	$ 130,807	$ 6,347,617

NOTE E – DUE FROM OTHER GOVERNMENTS

Due from other governments on the General Fund as of September 30, 2006 consisted of $25,764 due from the State of Georgia for grant program reimbursements.

NOTE F – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

I. Interfund Receivables and Payables

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one to two months. The composition of interfund receivables and payables as of September 30, 2006 is as follows:

	Due From				
Due To	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund
General Fund	$ --	$ 770	$ --	$ --	$ 120
Nonmajor Governmental Funds	252,973	--	--	--	--
Water and Sewer Fund	28,871	--	--	194,532	--
Electric Revenue Fund	126,825	--	--	--	243,038
Gas Revenue Fund	--	--	301,478	--	--
Cable TV Fund	--	--	--	--	--
Nonmajor Enterprise Funds	1,079,290	2,550	166,403	--	--
Total	$ 1,487,959	$ 3,320	$ 467,881	$ 194,532	$ 243,158

	Due From		
Due To	Cable TV Fund	Nonmajor Enterprise Funds	Total
General Fund	$ 478,283	$ 49,684	$ 528,857
Nonmajor Governmental Funds	--	-	252,973
Water and Sewer Fund	--	145,664	369,067
Electric Revenue Fund	2,019,947	221,951	2,611,761
Gas Revenue Fund	150,000	6,719	458,197
Cable TV Fund	--	--	--
Nonmajor Enterprise Funds	68,294	327,865	1,644,402
Total	$ 2,716,524	$ 751,883	$ 5,865,257

The composition of receivables and payables between the City and its component unit as of September 30, 2006 is as follows:

Due To	Due From Downtown Development Authority
Gas Revenue Fund	$ 11,980
Electric Revenue Fund	11,980
Total	$ 23,960

I. Interfund Transfers

Interfund transfers are used to move revenues from the fund that Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund and Enterprise Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended September 30, 2006, consisted of the following:

	Transfer To				
Transfer From	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund	Gas Revenue Fund
General Fund	$ --	$ 34,780	$ --	$ --	$ --
Nonmajor Governmental Funds	--	--	--	--	--
Water and Sewer Fund	372,344	--	--	144,061	--
Electric Revenue Fund	4,453,028	--	--	--	--
Gas Revenue Fund	694,871	--	--	54,023	--
Cable TV Fund	156,127	--	--	--	--
Nonmajor Enterprise Funds	344,511	--	--	100,000	--
Total	$ 6,020,881	$ 34,780	$ --	$ 298,084	$ --

	Transfer To		
Transfer From	Cable TV Fund	Nonmajor Enterprise Funds	Total
General Fund	$ --	$ 9,155	$ 43,935
Nonmajor Governmental Funds	--	--	--
Water and Sewer Fund	--	110,142	626,547
Electric Revenue Fund	--	130,081	4,583,109
Gas Revenue Fund	--	33,152	782,046
Cable TV Fund	--	46,196	202,323
Nonmajor Enterprise Funds	250,000	77,092	771,603
Total	$ 250,000	$ 405,818	$ 7,009,563

Transfers between the City and its component unit for the year ended September 30, 2006 is as follows:

Transfer From	Transfer To Downtown Development Authority
Electric Revenue Fund	$ --
Gas Revenue Fund	--
Total	$ --

NOTE G – CAPITAL ASSETS

The following is a summary of capital asset activity as of September 30, 2006:

Primary Government

Governmental Activities:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006
Capital assets, not being depreciated:				
Land and land improvements	$ 1,354,670	$ 40,000	$ --	$ 1,394,670
Construction in progress	--	--	--	--
Total capital assets not being depreciated	1,354,670	40,000	--	1,394,670
Other capital assets				
Buildings and improvements	13,501,596	846,776	(1,553,321)	12,795,051
Machinery and equipment	4,380,747	925,733	(24,849)	5,281,631
Infrastructure	618,442	1,492,945	--	2,111,387
Total other capital assets at cost	18,500,785	3,265,454	(1,578,170)	20,188,069
Less accumulated depreciation for				
Buildings and improvements	(4,283,646)	(136,495)	--	(4,420,141)
Machinery and equipment	(3,374,122)	(321,354)	--	(3,695,476)
Infrastructure	(117,774)	(382,415)	--	(500,189)
Total accumulated depreciation	(7,775,542)	(840,264)	--	(8,615,806)
Other capital assets, net	10,725,243	2,425,190	(1,578,170)	11,572,263
Governmental activities capital assets, net	$ 12,079,913	$ 2,465,190	$ (1,578,170)	$ 12,966,933

Business-type activities:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006
Capital assets, not being depreciated:				
Land and land improvements	$ 240,048	$ 1,088,005	$ --	$ 1,328,053
Construction in progress	--	--	--	--
Total capital assets not being depreciated	240,048	1,088,005	--	1,328,053
Other capital assets				
Buildings	2,200,740	3,488	--	2,204,228
Improvements other than buildings	45,168,206	2,528,243	--	47,696,449
Machinery and equipment	6,620,980	218,334	(31,643)	6,807,671
Total other capital assets at cost	53,989,926	2,750,065	(31,643)	56,708,348
Less accumulated depreciation for				
Buildings	(1,112,085)	(83,626)	--	(1,195,711)
Improvements other than buildings	(27,283,666)	(1,112,478)	--	(28,396,144)
Machinery and equipment	(4,606,738)	(586,111)	--	(5,192,849)
Total accumulated depreciation	(33,002,489)	(1,782,215)	--	(34,784,704)
Other capital assets, net	20,987,437	967,850	(31,643)	21,923,644
Business-type activities capital assets, net	$ 21,227,485	$ 2,055,855	$ (31,643)	$ 23,251,697

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	$ 77,981
Public safety	359,653
Public works	318,235
Parks and recreation	84,395
Total governmental activities depreciation expense	840,264
Business-type activities	
Water and sewer	672,348
Electric	396,565
Gas	81,771
Cable TV	379,279
Sanitation	110,563
Airport operations	62,663
Telecommunications	79,026
Total business-type activities depreciation expense	1,782,215
Total depreciation expense	$ 2,622,481

Component Units

Capital asset activity for the Downtown Development Authority of the City of Moultrie, a discretely presented component unit for the year ended September 30, 2006 is as follows:

Governmental Activities:

The Authority had no governmental capital asset activity for the year ended September 30, 2006.

Business-type activities:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006
Capital assets, not being depreciated:				
Land	$ 397,296	$ --	$ --	$ 397,296
Total capital assets not being depreciated	397,296	--	--	397,296
Other capital assets				
Buildings	2,156,568	--	--	2,156,568
Total other capital assets at cost	2,156,568	--	--	2,156,568
Less accumulated depreciation for				
Buildings	(879,799)	(107,818)	--	(987,617)
Total accumulated depreciation	(879,799)	(107,818)	--	(987,617)
Other capital assets, net	1,276,769	(107,818)	--	1,168,951
Business-type activities capital assets, net	$ 1,674,065	$ (107,818)	$ --	$ 1,566,247

Depreciation expense was charged to functions as follows:

Governmental activities	$ --
Business-type activities	107,818
Total depreciation expense	$ 107,818

NOTE H – LONG TERM DEBT

I. Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's enterprise funds' revenue bonds outstanding at September 30, 2006, are as follows:

Enterprise Fund and Description	Original Amount	Interest Rate	Due Date	Amount
Water and Sewer Fund - Combined Utility, Series 1998	$ 8,500,000	4.00 – 4.55%	2018	$ 6,700,000
Cable TV Fund – South Georgia Governmental Services Authority, Series 2004	10,180,000	2.00 – 5.00%	2016	9,500,000
				16,200,000
		Unamortized discount / premium / issuance costs / loss		(977,779)
			Less current portion	(870,000)
				$ 14,352,221

Combined Utility Revenue Bonds, Series 1998

The City of Moultrie Combined Utility Revenue Bonds, Series 1998 were issued November 1, 1998. The Series 1998 bonds were issued to provide funds to finance the cost of adding to, extending, improving and equipping the water and sewer facilities of the City's utility system and costs of issuing the 1998 bonds.

South Georgia Governmental Services Authority Revenue Bonds, Series 2004

The Series 2004 bonds were issued on April 1, 2004 and were issued in the total amount of $35,405,000 (of which only $10,180,000 is applicable to the City of Moultrie). The bonds were issued for the purpose of providing funds 1) to the City of Cairo, the City of Camilla, the City of Moultrie and the City of Thomasville to pay, on behalf of each of the Cities, certain intergovernmental contract obligations and bonds outstanding incurred to acquire, construct, and equip cable television and telecommunications systems for said Cities, 2) to the City of Cairo, the City of Camilla, the City of Thomasville for the acquisition, construction, and equipping of additional equipment and facilities to be used in connection with the cable television and communications systems for said Cities, 3) to fund a reserve for payment of the Bonds, and 4) to pay the necessary costs of issuing the Bonds. The Series 2004 bonds are limited obligations of the South Georgia Governmental Services Authority (the Authority) and are payable solely from and secured by the Trust Estate which includes rentals, revenues, earnings and funds of the Authority arising from the individual City projects as provided in the leases between the Authority and each of the Cities. The City of Moultrie's obligation to make lease payments under the lease contract sufficient to pay the principal of, premium, if any, and interest on the 2004 Series bonds is absolute and unconditional and will not expire so long as any of the Series 2004 bonds remain outstanding and unpaid. Under the lease contract, the City has agreed to levy ad valorem property taxes, subject to millage limits prescribed by law, on all property in the City subject to such tax as may be necessary to make the payments required by the lease contract.

The issuance of the Series 2004 bonds effectively paid off, via an advance refunding, the City's outstanding Moultrie-Colquitt County Development Authority Revenue Bonds, Series 2000 in the amount of $9.14 million. The defeased Series 2000 bonds are outstanding at September 30, 2006 in the amount of $9.14 million.

The annual debt service requirement to maturity of the Revenue Bonds at September 30, 2006 is as follows:

Year Ending September 30	Principal	Interest	Total
2007	$ 870,000	$ 628,681	$ 1,498,681
2008	960,000	594,556	1,554,556
2009	1,060,000	554,156	1,614,156
2010	1,190,000	511,709	1,701,709
2011	1,310,000	465,204	1,775,204
2012-2016	8,685,000	1,494,423	10,179,423
2017-2019	2,125,000	157,578	2,282,578
	$ 16,200,000	$ 4,406,307	$ 20,606,307

Downtown Development Authority of Moultrie Taxable Revenue Bonds, Series 2006 A & B – Component Unit

The City's component unit's revenue bonds outstanding at September 30, 2006, are as follows:

	Original Amount	Interest Rate	Due Date	Amount
Downtown Development Authority – Series A	$ 1,580,000	5.95%	2017	$ 1,580,000
Downtown Development Authority – Series B	$ 2,410,000	4.92%	2028	$ 2,410,000
				3,990,000
			Unamortized issuance and refunding costs	(246,800)
			Less current portion	(37,164)
				$ 3,706,036

Downtown Development Authority of Moultrie Taxable Refunding Revenue Bonds, Series 2006 A

The Downtown Development Authority of Moultrie Taxable Refunding Revenue Series 2006 A bonds were issued to provide funds to advance refund the Downtown Development Authority of Moultrie Taxable Revenue Bonds, Series 1996 and to pay the cost of the acquisition, construction and equipping of a post office located in the urban redevelopment area of the City. The post office facility is leased by the Downtown Development Authority of Moultrie, as assignee of the City of Moultrie, to the United States Postal Service until 2017. The term of the lease is from February 5, 1996 through November 2, 2017.

The Series 2006 A bonds are limited obligations of the Downtown Development Authority of Moultrie. The bonds are payable solely from payments to be made to the Authority by the U.S. Postal Service under the lease. The City has agreed, in the event of default by the U.S. Postal Service, to levy an ad valorem tax at a rate not to exceed 3 mills upon all property located in the City subject to taxation for bond purposes.

The net proceeds of $1,615,054 from the Downtown Development Authority of Moultrie of the Series 2006 A bonds maturing in November 2017 were deposited in irrevocable trusts with an escrow agent to provide all future debt service payments on the refunded bonds and to achieve certain debt service savings. The result of this transaction is a decrease in future debt service payments of $282,808 resulting in a net present value savings to the City of $142,750. At September 30, 2006, $1,540,000 of outstanding revenue bonds are considered defeased.

Downtown Development Authority of Moultrie Taxable Revenue Bonds, Series 2006 B

The Downtown Development Authority of Moultrie Taxable Revenue Series 2006 B bonds were issued to provide funds for the purpose of financing the acquisition, construction, installation and equipping of a building for lease to the Georgia Department of Labor. The facility will be leased by the Downtown Development Authority of Moultrie, as assignee of the City of Moultrie, to the Georgia Department of Labor for a period of twenty years.

The Series 2006 B bonds are limited obligations of the Downtown Development Authority of Moultrie. The bonds are payable solely from payments to be made to the Authority by the Georgia Department of Labor under the lease. The City has agreed, in the event of default by the Georgia Department of Labor, to levy an ad valorem tax at a rate not to exceed 3 mills upon all property located in the City subject to taxation for bond purposes.

The Series 2006 A and B revenue bond debt service requirements to maturities, including interest, are as follows:

Year Ending September 30	Principal	Interest	Total
2007	$ 45,000	$ 36,020	$ 81,020
2008	180,000	209,905	389,905
2009	185,000	199,864	384,864
2010	200,000	189,526	389,526
2011	210,000	178,347	388,347
2012-2016	1,215,000	705,107	1,920,107
2017-2021	775,000	389,608	1,164,608
2022-2026	685,000	226,074	911,074
2027-2029	495,000	49,692	544,692
	$ 3,990,000	$ 2,184,143	$ 6,174,143

II. Other Long-Term Debt

The Water and Sewer Fund has incurred debt to the Georgia Environmental Facilities Authority for utility system improvements. This note is as follows at September 30, 2006:

Original Amount	Interest Rate	Due Date	Amount
$ 727,730	5.43%	2018	$ 525,429
		Less Current Portion	(31,953)
			$ 493,476

The other long-term debt service requirements to maturity, including interest are as follows:

Year Ending September 30	Principal	Interest	Total
2007	$ 31,953	$ 27,923	$ 59,876
2008	33,762	26,114	59,876
2009	35,633	24,243	59,876
2010	37,608	22,268	59,876
2011	39,691	20,185	59,876
2012-2016	233,992	65,388	299,380
2017-2018	112,790	6,962	119,752
	$ 525,429	$ 193,083	$ 718,512

III. Capital Leases

The City has entered into several lease agreements as lessee for financing the acquisition of equipment and a fire station through the Georgia Municipal Association direct installment program. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. These leases are

being serviced by General Fund, Water and Sewer Fund, Solid Waste Fund, and Telecommunications Fund payments with annual interest rates varying from 2.57% to 4.69%.

The following is an analysis of equipment leased under capital leases as of September 30, 2006:

		Business-type Activities		
	Governmental Activities	Water and Sewer	Solid Waste Fund	Tele-communications Fund
Buildings and improvements	$ 635,000	$ --	$ --	$ --
Equipment	1,027,486	112,365	307,767	434,488
Less accumulated depreciation	(932,498)	(26,129)	(53,794)	(225,556)
Carrying value	$ 729,988	$ 86,236	$ 253,973	$ 208,932

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments at September 30, 2006:

		Business-type Activities			
	Governmental Activities	Water and Sewer	Solid Waste Fund	Tele-communications Fund	Totals
Year Ending September 30,					
2007	$ 200,288	$ 29,532	$ 92,251	$ 108,889	$ 430,960
2008	200,302	--	39,288	--	239,590
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	--	--	--	--
2012-2016	--	--	--	--	--
Total minimum lease payments	400,590	29,532	131,539	108,889	670,550
Less amount representing interest	(21,708)	(521)	(4,377)	(3,590)	(30,196)
Present value of future Minimum lease payments	$ 378,882	$ 29,011	$ 127,162	$ 105,299	$ 640,354

IV. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2006, was as follows:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006	Due Within One Year
Governmental activities:					
Capital leases	$ 425,062	$ 133,280	$ (179,460)	$ 378,882	$ 189,434
Compensated absences	205,486	11,342	--	216,828	--
Governmental activities long-term liabilities	$ 630,548	$ 144,622	$ (179,460)	$ 595,710	$ 189,434
Business-type activities:					
Revenue bonds	16,975,000	--	(775,000)	16,200,000	870,000
Less deferred amounts:					
For issuance discounts	$ (1,072,652)	$ --	$ 94,873	$ (977,779)	$ (94,873)
Total bonds payable	15,902,348	--	(680,127)	15,222,221	775,127
Notes payable	548,380	--	(22,951)	630,429	31,953
Capital leases	435,227	81,775	(255,530)	261,472	219,982
Compensated absences					
Environmental remediation liability	1,851,026	--	(1,536,026)	315,000	105,000
Business –type activities long-term liabilities	$ 18,736,981	$ 81,775	$ (2,494,634)	$ 16,324,122	$ 1,132,062

Long-term liability activity for the City's component unit for the year ended September 30, 2006, was as follows:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006	Due Within One Year
Business-type activities:					
Revenue bonds	$ 1,625,000	$ 3,990,000	$ (1,625,000)	$ 3,990,000	$ 45,000
Less deferred amounts:					
For issuance and refunding costs	--	(247,453)	653	(246,800)	(7,836)
Governmental activities long-term liabilities	$ 1,625,000	$ 3,742,547	$ (1,624,347)	$ 3,743,200	$ 37,164

NOTE I – LEASING ACTIVITIES

As part of the issuance of the Downtown Development Authority Revenue bonds, the Authority entered into a lease agreement with the United States Postal Service (USPS) to lease certain property and buildings for use by the USPS. Under the terms of the lease, the USPS will make rental payments in the amount of $213,505 annually, which shall be paid to the City as agent for the Authority in equal installments at the end of each month. The lease payments will be used for the purpose of paying the principal of, redemption premium (if any) and interest on the Downtown Development Authority bonds. The property and building is leased under an operating lease, which expires on November 2, 2017.

At September 30, 2006, the amount of property and buildings leased by the USPS which is included on the statement of net assets of the Downtown Development Authority is $1,168,951, net of accumulated depreciation of $987,618.

At September 30, 2006, the minimum future lease payments to be received under the operating lease are as follows:

Year Ending September 30	Total
2007	$ 213,505
2008	213,505
2009	213,505
2010	213,505
2011	213,505
2012-2016	1,067,525
2017-2018	462,594
	$ 2,597,644

NOTE J – RESERVATIONS OF FUND BALANCES

In the governmental fund financial statements, fund balances consist of reserved and unreserved amounts. Reservations of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

Fund balance reservations at September 30, 2006 include:

Capital Projects Funds	
Reserved for specific projects to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	$ 909,352
Special Revenue Funds	
Reserved for restricted purposes to reflect resources legally restricted for specific purposes	$ 88,001

NOTE K – PENSION PLAN

I. Plan Description

The City of Moultrie maintains a single-employer defined benefit pension plan, the Retirement Plan for Employees of the City of Moultrie (the Plan). The Plan is administered by a board of trustees in accordance with a trust agreement between the City of Moultrie and the board of trustees. The board of trustees acts in the dual capacity of the administrator of the Plan and the trustee of the trust fund created in accordance with the Plan and the Trust Agreement. Benefit provisions and contributions are established and may be amended by the City Council.

The Plan covers all full-time employees of the City of Moultrie. Employees become eligible to participate in the Plan after six months and are fully vested after ten years. Prior to October 1, 1994, the Plan excluded employees for whom the City made contributions directly or indirectly to another retirement program. Employees in this category (firefighters and police officers) became participants in the Plan on October 1, 1994, if they filed an application to participate. Benefit provisions are established by City Ordinance. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. At October 1, 2004, the date of the most recent actuarial valuation, there were 278 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	48
Vested terminated employees not yet receiving benefits	21
Active employees	209
Total	278

The Plan issues a separate financial report, which can be obtained by writing to:

The Retirement Plan for the Employees of the City of Moultrie
P.O. Box 3368
Moultrie, Georgia 31776

II. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

Contributions

The City and individual participants make contributions to the Plan. Effective February 1, 2005, all employees are required to contribute 4.2% of their annual earnings to the Plan. Prior to February 1, 2005, participants contributed 3.5% of their annual earnings. The City's funding policy is to contribute the amount in excess of employee's contribution required to fund the Plan benefits as determined by the Plan actuary. Administrative costs are financed through investment earnings.

The annual required contribution for the year ended September 30, 2006 was determined as part of the October 1, 2005, actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included a) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually and net of investment expenses and b) projected salary increases of 5.5% per year, which include 2.5% due to merit and 3.0% for inflation.

Annual Pension Cost and Net Pension Obligation

	For the Plan Year Ending September 30,		
	2004	2005	2006
Annual required contribution	$ 240,377	$ 219,405	$ 175,665
Interest on net pension obligation	(12,575)	(12,465)	(15,486)
Adjustment to annual required contribution	6,125	6,072	7,543
Annual pension cost	233,927	213,012	167,722
Contributions made	(223,776)	(250,766)	(205,476)
Increase (decrease) in net pension obligation	10,151	(37,754)	(37,754)
Net pension (asset), beginning of year	(157,188)	(155,816)	(155,816)
Net pension (asset), end of year	$ (147,037)	$ (193,570)	$ (193,570)

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Percentage of Annual Required Contribution Contributed
2002	$ 212,913	100%
2003	$ 229,380	100%
2004	$ 240,377	93%
2005	$ 221,791	100%
2006	$ 205,476	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded (Excess) AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	Unfunded (Excess) as a Percentage Of Covered Payroll ((b-a) / c)
10/1/03	7,430,199	5,022,149	(2,480,050)	147.9%	5,221,998	(47.5)%
10/1/04	8,225,344	5,251,483	(2,973,861)	156.6%	5,539,824	(53.7)%
10/1/05	9,085,219	5,662,890	(3,422,329)	160.4%	5,350,039	(64.0)%

NOTE L – JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the Southwest Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended September 30, 2006, the City paid $13,050 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from:

Southwest Georgia Regional Development Center
P.O. Box 346
Camilla, Georgia 31730

The City of Moultrie, in conjunction with the Cities of Cairo, Camilla and Thomasville, who provide distribution of broadband cable television and internet services under the trade name "CNS", created the South Georgia Business Development Authority (SGBDA). The SGBDA was created and activated under the provisions of the Development Authority Law of the State of Georgia (O.C.G.A. 36-62-1) for the purpose of providing governmental, proprietary and administrative services and facilities to the Cities of Cairo, Camilla, Moultrie, and Thomasville and other subdivisions, agencies and authorities within its area of operation. Each member city has contracted with the SGBDA to provide management and marketing services for its individually owned broadband communications system. Pursuant to the agreement, the SGBDA procures certain goods and services on behalf of the member cities when cost effective. The SGBDA is reimbursed by each member city for any expense incurred on its behalf. The member cities provide funding on an annual basis to the SGBDA in the form of dues and contributed capital. The City paid the SGBDA $23,250 in such dues for the year ended September 30, 2006. The City of Moultrie's equity investment in the SGBDA is $1,032,240 and is recorded within the Cable TV enterprise fund. The SGBDA board is made up of eight members, two appointed by each participating city for one year terms. Separate financial statements may be obtained from:

South Georgia Business Development Authority
P.O. Box 1676
Thomasville, Georgia 31799

Under an agreement with the Moultrie – Colquitt County Development Authority (MCCDA) in conjunction with Colquitt County, the City of Moultrie provides funding on an annual basis to the MCCDA. The City paid the MCCDA $75,000 for the year ended September 30, 2006. The MCCDA board is made up of eleven members, four appointed by the County, four appointed by the City and three appointed by the previously appointed eight. The MCCDA is charged with promoting industry and the development of trade, by inducing manufacturing, industrial and commercial enterprises to locate in Moultrie and Colquitt County. Separate financial statements may be obtained from:

Moultrie – Colquitt County Development Authority
P.O. Box 487
Moultrie, Georgia 31776

NOTE M – RELATED ORGANIZATION

The City's governing body is responsible for all of the board appointments of the Moultrie Housing Authority. However, the City has no further accountability for this organization.

NOTE N – HOTEL / MOTEL LODGING TAX

The City has levied a 5% lodging tax. Of this percentage, 2% is allocated each year to the Moultrie/Colquitt County Chamber of Commerce for use in the promotion of tourism within the City. For the year ended September 30, 2006, $160,587 of hotel/motel tax was collected and $34,717 was remitted to the Chamber of Commerce.

NOTE O - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and General Liability and Workers' Compensation

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Worker's Compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

Group Medical Benefits

The City is self-insured for group medical and dental benefits up to $50,000 annually per participant. The self-insurance program is administered by a third party insurance service company. Administrative costs are allocated among the General Fund, Water and Sewer Fund, Electric Revenue Fund, Gas Revenue Fund, Solid Waste Fund and the Airport Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic social factors. The liability for claims payable is reported in the General Fund. The change in the balance of claim liabilities during the past two years is as follows:

	Year Ended September 30,	
	2005	2006
Unpaid claims, beginning of year	$ 135,461	$ 125,257
Incurred claims (including IBNRs)	1,464,113	1,426,738
Claim Payments	(1,474,317)	(1,199,401)
Unpaid claims, end of year	$ 125,257	$ 352,594

Settlements

During the year ended September 30, 2006, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage in the years ended September 30, 2004, 2005 and 2006.

NOTE P – COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The City has accrued amounts related to litigation where an outcome unfavorable to the City is probable and the amount can be estimated. In the opinion of the City attorney, the ultimate outcome of these contingencies will not have a material impact on the financial position of the City.

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City expects such disallowed amounts, if any, would not have a material impact on the financial position of the City.

Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits inure to the benefit of the public.

As of September 30, 2006, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to $10,962,895 in 2006.

At September 30, 2006, the outstanding debt of MEAG was approximately $3.43 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $92 million at September 30, 2006.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2016, are general obligations of the City to

which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG costs to provide such supply, including bonds issues to purchase long-term rights to bulk supply. The total payments under these contracts amounted to $4,237,029 for the year ended September 30, 2006.

At September 30, 2006, MGAG's bonds to which the City's obligation share is applicable were outstanding in the approximate principal amount of $270 million. The City's obligation share of that amount totals approximately $4.4 million at September 30, 2006.

Supplementary Information

CITY OF MOULTRIE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

	Special Revenue Funds		Capital Projects Funds			
	Multiple Grants	Hotel / Motel Tax	SPLOST	Paving Program	Community Development	Total
ASSETS						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Due from general fund	-	61,447	9,012	182,514	-	252,973
Due from other funds	-	-	-	-	-	-
Restricted assets:						-
Cash and cash equivalents	32,533	-	-	96	240,320	272,949
Investments	-	-	-	-	-	-
Sales tax receivable	-	-	-	-	-	-
Program receivables	-	-	-	-	559,670	559,670
Total assets	32,533	61,447	9,012	182,610	799,990	1,085,592
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	-	2,527	-	-	-	2,527
Accrued expenses	-	1,894	-	-	-	1,894
Customer deposits	-	-	-	-	-	-
Deferred revenues	-	-	-	-	72,977	72,977
Due to other governments	-	-	17,591	-	-	17,591
Due to General Fund	670	-	-	-	100	770
Due to other funds	-	888	1,662	-	-	2,550
Liabilities payable from restricted assets	-	-	-	-	171	171
Total liabilities	670	5,309	19,253	-	73,248	98,480
Fund balances						
Reserved for:						
Debt service	-	-	-	-	-	-
Specific projects	-	-	-	182,610	726,742	909,352
Public services	31,863	56,138	-	-	-	88,001
Unreserved	-	-	(10,241)	-	-	(10,241)
Total fund balances (deficit)	31,863	56,138	(10,241)	182,610	726,742	987,112
Total liabilities and fund balances	$ 32,533	$ 61,447	$ 9,012	$ 182,610	$ 799,990	$ 1,085,592

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	Special Revenue Funds		Capital Projects Funds			
	Multiple Grants	Hotel / Motel Tax	SPLOST	Paving Program	Community Development	Total
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	762,673	-	-	762,673
Other taxes and licenses	-	198,531	-	-	-	198,531
Fines, forfeitures and fees	-	-	-	-	-	-
Charges for services	-	-	-	(5,720)	-	(5,720)
Investment income	-	-	-	-	29,202	29,202
Intergovernmental	553,774	-	-	5,720	-	559,494
Other revenues	-	-	-	-	-	-
Total revenues	553,774	198,531	762,673	-	29,202	1,544,180
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-
Capital outlays	525,524	177,173	750,362	-	2,631	1,455,690
Debt service:		-				
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	525,524	177,173	750,362	-	2,631	1,455,690
Excess (deficiency) of revenues over expenditures	28,250	21,358	12,311	-	26,571	88,490
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	34,780	-	-	-	34,780
Transfers to other funds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Long - term debt issued	-	-	-	-	-	-
Total other financing sources (uses)	-	34,780	-	-	-	34,780
Net change in fund balances	28,250	56,138	12,311	-	26,571	123,270
Fund balances (deficit), beginning of year	3,613	-	(22,552)	182,610	700,171	863,842
Fund balances (deficit), end of year	$ 31,863	$ 56,138	$ (10,241)	$ 182,610	$ 726,742	$ 987,112

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MULTIPLE GRANTS FUND
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income		-	-	-
Intergovernmental	553,736	553,736	553,774	38
Other revenues	-	-	-	-
Total revenues	553,736	553,736	553,774	38
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Capital outlays	-	-	525,524	(525,524)
Debt service:	-			-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	525,524	(525,524)
Excess (deficiency) of revenues over expenditures	553,736	553,736	28,250	(525,486)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	553,736	553,736	28,250	(525,486)
Fund balances, beginning of year	3,613	3,613	3,613	-
Fund balances, end of year	$ 557,349	$ 557,349	$ 31,863	$ (525,486)

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL / MOTEL TAX FUND
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	192,850	192,850	198,531	5,681
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income		-	-	-
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	192,850	192,850	198,531	5,681
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Nondepartmental	-	-	-	-
Capital outlays	154,705	154,705	177,173	(22,468)
Debt service:	-			-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	154,705	154,705	177,173	(22,468)
Excess (deficiency) of revenues over expenditures	38,145	38,145	21,358	(16,787)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	34,780	34,780
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	34,780	34,780
Net change in fund balances	38,145	38,145	56,138	17,993
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ 38,145	$ 38,145	$ 56,138	$ 17,993

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2006

	Business Type Activities - Enterprise Funds					
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Warehouse Fund	Utilities Deposit Funds	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ -	$ -	$ 94,597	$ -	$ -	$ 94,597
Investments	-	-	-	-	-	-
Accounts receivable, net	111,419	14,260	5,128	-	-	130,807
Inventories	-	-	-	164,789	-	164,789
Other current assets	31,392	13,958	-	-	-	45,350
Total current assets	142,811	28,218	99,725	164,789	-	435,543
Non - current assets						
Due from general fund	488,812	142,314	6,005	-	442,159	1,079,290
Due from other funds	-	-	-	398,808	166,304	565,112
Due from component unit	-	-	-	-	-	-
Investment in SGBDA	-	-	-	-	-	-
Restricted assets - cash	-	-	-	-	-	-
Restricted assets - investments	-	-	-	-	-	-
Capital assets:						
Land	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	610,763	589,068	263,784	-	-	1,463,615
Total assets	1,242,386	759,600	369,514	563,597	608,463	3,543,560
LIABILITIES						
Current liabilities						
Accounts payable	88,797	20,319	(2,511)	115,322	-	221,927
Accrued expenses	34,588	7,925	-	11,209	-	53,722
Current portion of long - term debt	85,672	-	105,299	-	-	190,971
Customer deposits	-	-	-	-	557,890	557,890
Due to other governments	-	-	-	-	-	-
Due to general fund	-	-	-	49,684	-	49,684
Due to other funds	290,076	37,888	-	374,235	-	702,199
Liabilities payable from restricted assets:						
Current portion of long term debt	-	-	-	-	-	-
Total current liabilities	499,133	66,132	102,788	550,450	557,890	1,776,393
Long - term debt, net of current portion	41,490	-	-	-	-	41,490
Other liabilities - environmental remediation	-	-	-	-	-	-
Total liabilities	540,623	66,132	102,788	550,450	557,890	1,817,883
NET ASSETS						
Invested in capital assets, net of related debt	483,601	589,068	158,485	-	-	1,231,154
Restrcited for debt service	-	-	-	-	-	-
Unrestricted (deficit)	218,162	104,400	108,241	13,147	50,573	494,523
Total net assets	$ 701,763	$ 693,468	$ 266,726	$ 13,147	$ 50,573	$ 1,725,677

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds					
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Warehouse Fund	Utilities Deposit Funds	Total
OPERATING REVENUES						
Utility revenues	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	2,276,038	352,186	879,929	130,889	-	3,639,042
Intergovernmental	-	-	-	-	-	-
Total operating revenues	2,276,038	352,186	879,929	130,889	-	3,639,042
OPERATING EXPENSES						
Salaries and wages	600,434	72,508	-	328,080	-	1,001,022
Operating, administrative and maintenance	1,109,756	99,998	220,598	195,480	-	1,625,832
Depreciation	110,563	62,663	79,026	-	-	252,252
Total operating expenses	1,820,753	235,169	299,624	523,560	-	2,879,106
Operating income (loss)	455,285	117,017	580,305	(392,671)	-	759,936
NON - OPERATING INCOME (EXPENSES)						
Interest income	-	-	1,676	-	-	1,676
Interest expense	(7,212)	-	(7,063)	-	-	(14,275)
Gain (loss) on disposal of capital assets	-	15,000	-	-	-	15,000
Income (loss) before contributions and transfers	448,073	132,017	574,918	(392,671)	-	762,337
Capital contributions	-	161,102	-	-	-	161,102
Transfers from other funds	-	-	-	405,818	-	405,818
Transfers to other funds	(306,337)	(841)	(464,425)	-	-	(771,603)
Change in net assets	141,736	292,278	110,493	13,147	-	557,654
Net assets, beginning of year	560,027	401,190	156,233	-	50,573	1,168,023
Net assets, end of year	$ 701,763	$ 693,468	$ 266,726	$ 13,147	$ 50,573	$ 1,725,677

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds					
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Warehouse Fund	Utilities Deposit Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	$ 2,313,476	$ 341,096	$ 877,299	$ 130,889	$ 23,732	$ 3,686,492
Other operating receipts	-	-	-	-	-	-
Cash payments to employees	(598,365)	(72,305)	-	(323,096)	-	(993,766)
Cash payments to suppliers	(1,121,314)	(87,444)	(220,598)	(274,666)	-	(1,704,022)
Net cash provided (used) by operating activities	593,797	181,347	656,701	(466,873)	23,732	988,704
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	-	-	405,818	-	405,818
Transfers to other funds	(306,337)	(841)	(464,425)	-	-	(771,603)
Net change in due from general fund	(266,665)	(25,352)	495	-	(26,872)	(318,394)
Net change in due from other funds	-	-	-	49,824	3,140	52,964
Net change in due from component unit	-	-	-	-	-	-
Net change in due to general fund	-	-	(495)	(363,004)	-	(363,499)
Net change in due to other funds	112,181	6,212	-	374,235	-	492,628
Net cash provided (used) by noncapital financing activities	(460,821)	(19,981)	(464,425)	466,873	(23,732)	(502,086)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of long - term debt	81,775	-	-	-	-	81,775
Proceeds from sale of assets	-	15,000	-	-	-	15,000
Proceeds from capital contributions		161,102				161,102
Acquisition and construction of capital assets	(91,330)	(337,468)	(4,610)	-	-	(433,408)
Principal payments on long - term debt	(116,209)	-	(101,826)	-	-	(218,035)
Interest paid	(7,212)	-	(7,063)	-	-	(14,275)
Net cash provided (used) by capital and related financing activities	(132,976)	(161,366)	(113,499)	-	-	(407,841)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-
Loan disbursements	-	-	-	-	-	-
Interest received	-	-	1,676	-	-	1,676
Net cash provided (used) by investing activities	-	-	1,676	-	-	1,676
Net increase (decrease) in cash and cash equivalents	-	-	80,453	-	-	80,453
Cash and cash equivalents, beginning of year	-	-	14,144	-	-	14,144
Cash and cash equivalents, end of year	$ -	$ -	$ 94,597	$ -	$ -	$ 94,597

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds					
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Warehouse Fund	Utilities Deposit Funds	Total
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 455,285	$ 117,017	$ 580,305	$ (392,671)	$ -	$ 759,936
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	110,563	62,663	79,026	-	-	252,252
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	37,438	(11,390)	(2,630)	-	-	23,418
Inventories	-	-	-	(164,789)	-	(164,789)
Other current assets	(2,231)	(1,540)	2,511	-	-	(1,260)
Due from general fund	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Increase (decrease) in:						
Accounts payable	(9,327)	14,094	(2,511)	85,603	-	87,859
Accrued expenses	2,069	503	-	4,984	23,732	31,288
Due to general fund	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Net cash provided (used) by operating activities	$ 593,797	$ 181,347	$ 656,701	$ (466,873)	$ 23,732	$ 988,704

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended September 30, 2006

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$ 213,506
Other operating receipts	-
Cash payments to employees	-
Cash payments to suppliers	(4,317)
Net cash provided (used) by operating activities	209,189
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	211,200
Transfers to other funds	(211,200)
Net change in due from general fund	-
Net change in due from other funds	-
Net change in due from component unit	-
Net change in due to general fund	-
Net change in due to other funds	-
Net cash provided (used) by noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	-
Principal payments - revenue bonds	(85,000)
Proceeds from bond offering	3,990,000
Defeasance of revenue bonds	(1,615,054)
Payment of bond issuance costs	(117,269)
Interest paid	(123,202)
Net cash provided (used) by capital and related financing activities	2,049,475
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	-
Purchase of investments	-
Loan disbursements	-
Interest received	4,848
Net cash provided (used) by investing activities	4,848
Net increase (decrease) in cash and cash equivalents	2,263,512
Cash and cash equivalents, beginning of year	165,289
Cash and cash equivalents, end of year	$ 2,428,801

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended September 30, 2006

	Downtown Development Authority
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 101,693
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	107,818
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	-
Inventories	-
Other current assets	(322)
Due from general fund	-
Due from other funds	-
Due from component unit	-
Increase (decrease) in:	
Accounts payable	-
Accrued expenses	-
Due to general fund	-
Due to other funds	-
Net cash provided (used) by operating activities	$ 209,189

See independent auditors' report.

Compliance Section

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INDEPENDENT AUDITORS' 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 Moultrie, Georgia

We have audited 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 Moultrie, Georgia, as of and for the year ended September 30, 2006, which collectively comprise the City of Moultrie Georgia's basic financial statements and have issued our report thereon dated May 17, 2007. We did not audit the financial statements of the Pension Trust Fund, which statements reflect total assets of $9,340,945 as of September 30, 2006 and revenues of $644,427 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The City of Moultrie Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

L.A. Bowen, Jr., C.P.A.
Jane Freeman Phillips, C.P.A.
Tom E. Carmichael, Jr., C.P.A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Moultrie Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor and City Council of the City of Moultrie, Georgia, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bowen, Phillips & Carmichael, LLP

May 17, 2007
Tifton, Georgia

Bowen, Phillips & Carmichael

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Moultrie, Georgia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The City of Moultrie, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the City of Moultrie, Georgia's management. Our responsibility is to express an opinion on the City of Moultrie, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Moultrie, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Moultrie, Georgia's compliance with those requirements.

In our opinion, the City of Moultrie complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

L.A. Bowen, Jr., C.P.A.
Jane Freeman Phillips, C.P.A.
Tom E. Carmichael, Jr., C.P.A.

Internal Control Over Compliance

The management of the City of Moultrie is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Moultrie, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133.*

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor and City Council of the City of Moultrie, Georgia, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bowen, Phillips & Carmichael, LLP

May 17, 2007
Tifton, Georgia

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2006

Federal / Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Identification Number	Program or Award Amount	Expenditures
U. S. Department of HUD				
Passed through the Georgia Department of Community Affairs				
Community Development Block Grants (Employment Incentive Program)	14.219	04Q-Z-035-2-3021	$ 500,000	$ 72,500
Community Home Investment Program Grant		04m-x-035-2-2911	300,000	31,771
Community Development Block Grant	14.219	04h-x-035-2-2956	418,683	181,097
EDI Special Project Grant		B-00-SP-GA-0104	1,063,750	-
Total funding passed through DCA				285,368
Total U. S. Department of HUD				285,368
U. S. Department of Homeland Security				
Passed through the Georgia Emergency Management Agency				
Office of Domestic Preparedness		EMW-2004-FG-06626	189,000	44,668
Total funding passed through GEMA				44,668
Total U. S. Department of Homeland Security				44,668
U. S. Department of Justice				
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0358	15,026	2,584
COPS Technology Grant	16.710	2004-CK-WX-0192	247,369	155,265
Edward Byrne Justice Assistance Grant Program	16.738	2005-DJ-BX-1267	29,450	2,355
Edward Byrne Justice Assistance Grant Program	16.738	2005-CK-WX-0161	345,325	63,269
Edward Byrne Justice Assistance Grant Program	16.738	2006-DJ-BX-0410	15,239	10,443
Law Enforcement Technology Grant	16.592	2006-CK-WX-0217	44,425	-
Total U. S. Department of Justice				233,916
Total Expenditures of Federal Awards				$ 563,952

See independent auditors' report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurs.

Program Type Determination

Type A programs are defined as Federal programs with Federal expenditures exceeding the larger of $300,000 or three percent of total Federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The City did not qualify as a low - risk auditee for the year ended September 30, 2006.

Amount Provided to Sub recipients

The City had no major programs that provided amounts to sub recipients.

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		*[unqualified]*	
Internal control over financial reporting:			
Material weakness(es) identified?		_____ yes	_X_ no
Reportable condition(s) identified not considered to be material weaknesses?		_____ yes	_X_ none reported
Noncompliance material to financial statements noted?		_____ yes	_X_ no

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?		_____ yes	_X_ no
Reportable condition(s) identified not considered to be material weaknesses?		_____ yes	_X_ none reported
Type of auditors' report issued on compliance for major programs:		*[unqualified]*	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A - 133, Section 510(a)?		_____ yes	_X_ no
Identification of major programs:			
None			
Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000		
Auditee qualified as low-risk auditee?		_____ yes	_X_ no

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2006

SECTION II - FINANCIAL STATEMENT FINDINGS

Findings noted on the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards.*

none reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance With *OMB Circular A - 133.*

none reported

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2006

SECTION II - FINANCIAL STATEMENT FINDINGS

Findings noted on the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards.*

2005 - 1

Condition:

The City did not adopt an annual balanced budget for its special revenue funds as required by state law - Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3(b)(1).

Status:

The City has adopted an annual balanced budget for its special revenue funds as required by state law - Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3(b)(1).

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance With *OMB Circular A - 133.*

none reported

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX EXPENDITURES
For the Year Ended September 30, 2006

	Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Recreation:					
SW/NW gym	$ 309,304	$ 308,734	$ -	$ 308,734	100%
New recreation office	222,466	224,730	-	224,730	100%
SW/NW pools	421,000	420,852	-	420,852	100%
McCrary Complex	180,200	187,813	-	187,813	100%
Park improvements	58,000	54,500	-	54,500	94%
William Bryant Park (Drew Field)	109,861	76,819	86,269	163,088	100%
Magnolia Sports Complex	1,025,980	839,218	-	839,218	82%
Goff Complex	1,065,884	1,357,857	-	1,357,857	100%
Pedestrian Plazas	144,000	52,240	-	52,240	36%
Youth centers	50,797	65,040	32,973	98,013	100%
Plazas	97,000	-	-	-	0%
Concession stand - Magnolia Complex	210,000	196,552	-	196,552	94%
Northwest Community Center	420,085	480,475	-	480,475	100%
City Hall - renovation	-	650,839	5,511	656,350	n/a
Westside Drain - improvement	-	263	-	263	n/a
SW drainage ditch	-	4,415	-	4,415	n/a
GYMS HVAC upgrade	-	112,213	-	112,213	n/a
Police Dept Building - renovation	-	1,923,462	144	1,923,606	n/a
Eng. Fees 94 Recreation projects	15,488	15,488	-	15,488	100%
Total recreation	4,330,065	6,971,510	124,897	7,096,407	
Roads:					
Driveway entrance to youth complex	221,375	188,552	-	188,552	85%
RD resurfacing / paving / drainage	120,000	137,743	412,201	549,944	100%
Magnolia Sports parking lot	112,500	48,965	17,786	66,751	59%
Magnolia Sports parking lot driveway	30,921	35,751	0	35,751	100%
Goff Drive	138,918	138,918	89,454	228,372	100%
Flintridge upgrade	7,165	7,164	104,354	111,518	100%
Second Street, N.W.	13,621	16,317	1,670	17,987	100%
Magnolia Lane - complete street	160,530	171,307	-	171,307	100%
Magnolia Lane - curb and gutter	13,380	-	-	-	0%
Third Street, S.E.	36,000	38,057	-	38,057	100%
Fire Station #3 street improvements	-	22,465	-	22,465	n/a
Westside drainage improvements	380,000	277,791	-	277,791	73%
Fifth Ave. N.W. storm drainage	10,000	5,616	-	5,616	56%
Grant Chapel storm drainage	15,000	10,532	-	10,532	70%
Paving Group I	922,702	911,384	-	911,384	99%
Paving Group II	380,244	917,378	-	917,378	100%
Resurfacing Group III	258,238	-	-	-	0%
Paving Group III	269,567	411,777	-	411,777	100%
Resurfacing Group III	64,739	-	-	-	0%
Paving Group IV	244,537	-	-	-	0%
CDBG SE Paving Grant - transfer	150,446	213,358	-	213,358	100%
Total roads	3,549,883	3,553,075	625,465	4,178,540	
Grand total	$ 7,879,948	$ 10,524,585	$ 750,362	$ 11,274,947	

See independent auditors' report.