CITY OF MOULTRIE, GEORGIA

Annual Financial Report

For the Year Ended September 30, 2011

CITY OF MOULTRIE, GEORGIA
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CITY OF MOULTRIE, GEORGIA
PRINCIPAL OFFICIALS
September 30, 2011

ELECTED

William M. McIntosh, Mayor

Lisa Clarke Hill, Council Member

Angela Castellow, Council Member

Susie Thomas, Council Member

Cecil Barber, Council Member

Ronald D. Wilson, Sr., Council Member

Daniel L. Dunn, Council Member

STAFF

Mike Scott, City Manager

Gary McDaniel, Finance Director

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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, 2011, 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 $11,076,868, as of September 30, 2011, and revenues of $939,935, 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 solely 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 the 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 28, 2012 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Moultrie, Georgia's financial statements as a whole. The combining and individual nonmajor 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 financial statements. 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*, and is not a required part of the financial statements. The accompanying schedule of special purpose local option sales tax expenditures is presented, as required by the Official Code of Georgia Annotated and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of special purpose local option sales tax expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carr, Rigg & Ingram, LLC

March 28, 2012
Tifton, Georgia

Management's Discussion and Analysis

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, 2011. 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 $90 million in total assets of which $53.07 million are capital assets.
- The City has $24.3 million in total liabilities of which $12.86 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $65.75 million (net assets). Of this amount, $25.3 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $36.8 million is invested in capital assets net of related debt.
- The City's total net assets increased by $6.2 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $7 million, an increase of $1.67 million in comparison with the prior year but this entire balance is reserved for specific projects, community development and public safety.
- At the end of the current fiscal year, there was a deficit balance of $643 thousand in the General Fund which will be corrected through increased transfers from reserve funds and reduced expenditures.
- The City's long-term debt decreased by $2.63 million during the current fiscal year as a result of scheduled principal payments and the issuance of less additional debt for capital assets and infrastructure.

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 two types 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. The City uses its internal service funds to account for its equipment services and other services. Because the services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 $65.75 million at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (56%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are 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, 2011 and 2010.

Table 2
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	$ 12,409,576	$ 10,248,027	$ 24,530,860	$ 21,391,875	$ 36,940,436	$ 31,639,902
Capital assets	25,482,075	25,554,241	27,582,892	28,496,538	53,064,967	54,050,779
Total assets	37,891,651	35,802,268	52,113,752	49,888,413	90,005,403	85,690,681
Liabilities						
Other liabilities	5,204,340	4,768,039	6,195,024	5,897,270	11,399,364	10,665,309
Long-term liabilities	842,324	842,447	12,014,549	14,648,782	12,856,873	15,491,229
Total liabilities	6,046,664	5,610,486	18,209,573	20,546,052	24,256,237	26,156,538
Net assets						
Invested in capital assets, net of related debt	24,377,597	24,420,765	12,443,541	12,306,045	36,821,138	36,726,810
Restricted for:						
Prepaid expenses	278,909	-	-	-	278,909	-
Capital projects	3,710,626	860,687	-	-	3,710,626	860,687
Public services	(376,154)	-	-	-	(376,154)	-
Unrestricted	3,854,009	4,910,330	21,460,638	17,036,316	25,314,647	21,946,646
Total net assets	$ 31,844,987	$ 30,191,782	$ 33,904,179	$ 29,342,361	$ 65,749,166	$ 59,534,143

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 $65.75 million for 2011 as compared to $59.53 million for 2010 for an increase of 10.4%. Of this amount $33.9 million came from business-type activities and $31.85 million came from governmental activities.

An additional portion of the City's net assets (5.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($25.32 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase of $3.40 million or 15.35%.

For governmental activities, the City reported a balance of $3.85 million in unrestricted net assets. This is a decrease of $1.06 million from 2010. The business-type activities unrestricted net assets were $21.46 million, an increase of $4.42 million from 2010.

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, 2010 and 2009. 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

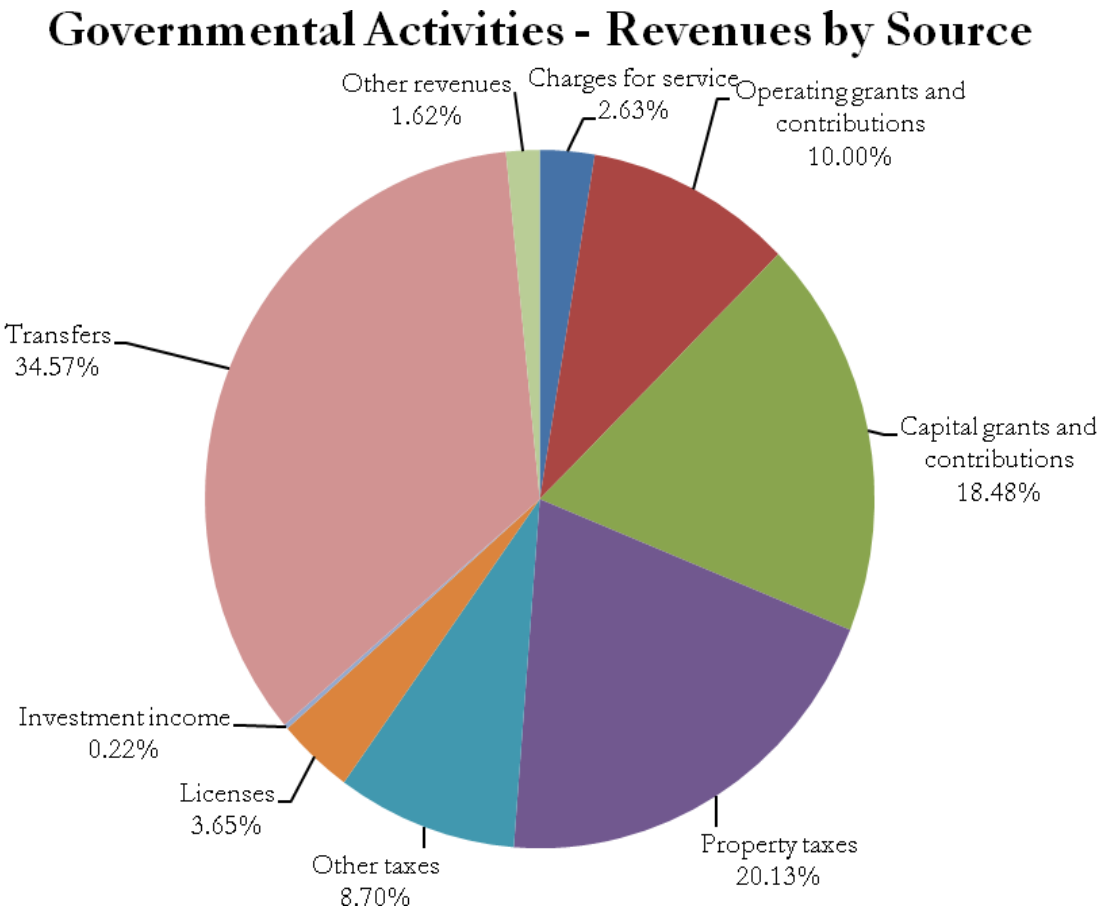
	Governmental Activities		Business – type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	$ 453,860	$ 619,917	$ 39,462,118	$ 40,258,873	$ 39,915,978	$ 40,878,790
Operating grants and contributions	1,726,508	1,401,608	134,746	23,770	1,861,254	1,425,378
Capital grants and contributions	3,191,551	4,064,459	5,039,446	- -	8,230,997	4,064,459
General revenues:						
Property taxes	3,475,811	3,008,921	- -	- -	3,475,811	3,008,921
Local option sales taxes	- -	- -	- -	- -	- -	- -
Other taxes	1,502,910	1,572,181	- -	- -	1,502,910	1,572,181
Licenses and permits	630,929	659,186	- -	- -	630,929	659,186
Investment income	37,253	52,613	23,154	23,315	60,407	75,928
Other revenues(loss)	278,884	320,733	(73,578)	(78,700)	205,306	242,033
Total revenues	11,297,706	11,699,618	44,585,886	40,227,258	55,883,592	51,926,876
Expenses						
General government	2,646,333	2,941,998	- -	- -	2,646,333	2,941,998
Public safety	6,465,318	6,235,708	- -	- -	6,465,318	6,235,708
Public works	4,341,387	5,125,828	- -	- -	4,341,387	5,125,828
Parks and recreation	1,120,815	1,075,393	- -	- -	1,120,815	1,075,393
Community development	999,657	160,329	- -	- -	999,657	160,329
Elections	- -	4,909	- -	- -	- -	4,909
Interest - long-term debt	40,036	48,541	- -	- -	40,036	48,541
Water and sewer	- -	- -	6,307,208	3,436,909	6,307,208	3,436,909
Electric revenue	- -	- -	17,976,806	16,120,945	17,976,806	16,120,945
Gas revenue	- -	- -	2,591,877	2,825,691	2,591,877	2,825,691
Cable TV	- -	- -	3,743,546	3,867,860	3,743,546	3,867,860
Solid waste	- -	- -	2,258,611	2,225,264	2,258,611	2,225,264
Airport	- -	- -	207,378	326,064	207,378	326,064
Telecommunications	- -	- -	748,063	747,565	748,063	747,565
Telephony	- -	- -	221,533	199,665	221,533	199,665
Total expenses	15,613,546	15,592,706	34,055,022	29,749,963	49,668,568	45,342,669
Increase (decrease) in net assets before transfers	(4,315,840)	(3,893,088)	10,530,864	10,477,295	6,215,024	6,584,207
Transfers	5,969,046	4,078,789	(5,969,046)	(4,078,789)	--	--
Change in net assets	$ 1,653,206	$ 185,701	$ 4,561,818	$ 6,398,506	$ 6,215,024	$ 6,584,207

Governmental activities during the fiscal year ended September 30, 2011, increased the City's net assets by $1.65 million. Business-type activities during the same period increased net assets by $4.56 million. The net change in net assets was an increase of $6.22 million. The table above shows the revenues and expenses by activity for the total primary government. This table shows total 2011 revenues from governmental activities at $11.31 million while expenses were $15.61 million. Business-type activities total revenues for 2011 were $44.59 million while expenses were $34.06 million. The largest revenue source for governmental activities comes from transfers from business-type activities of $5.97 million, which is 34.57% of the total governmental activity funding. Property taxes are the next largest governmental activity revenue source at $3.48 million or 20.13%. Capital grants and contributions are the second largest governmental activity revenue source at $3.19 million or 18.48%. Revenues from Operating grants and contributions are the third largest governmental activity revenue source at $1.73 million or 10%. Business-type activities program revenues exceeded expenses by $10.53 million before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

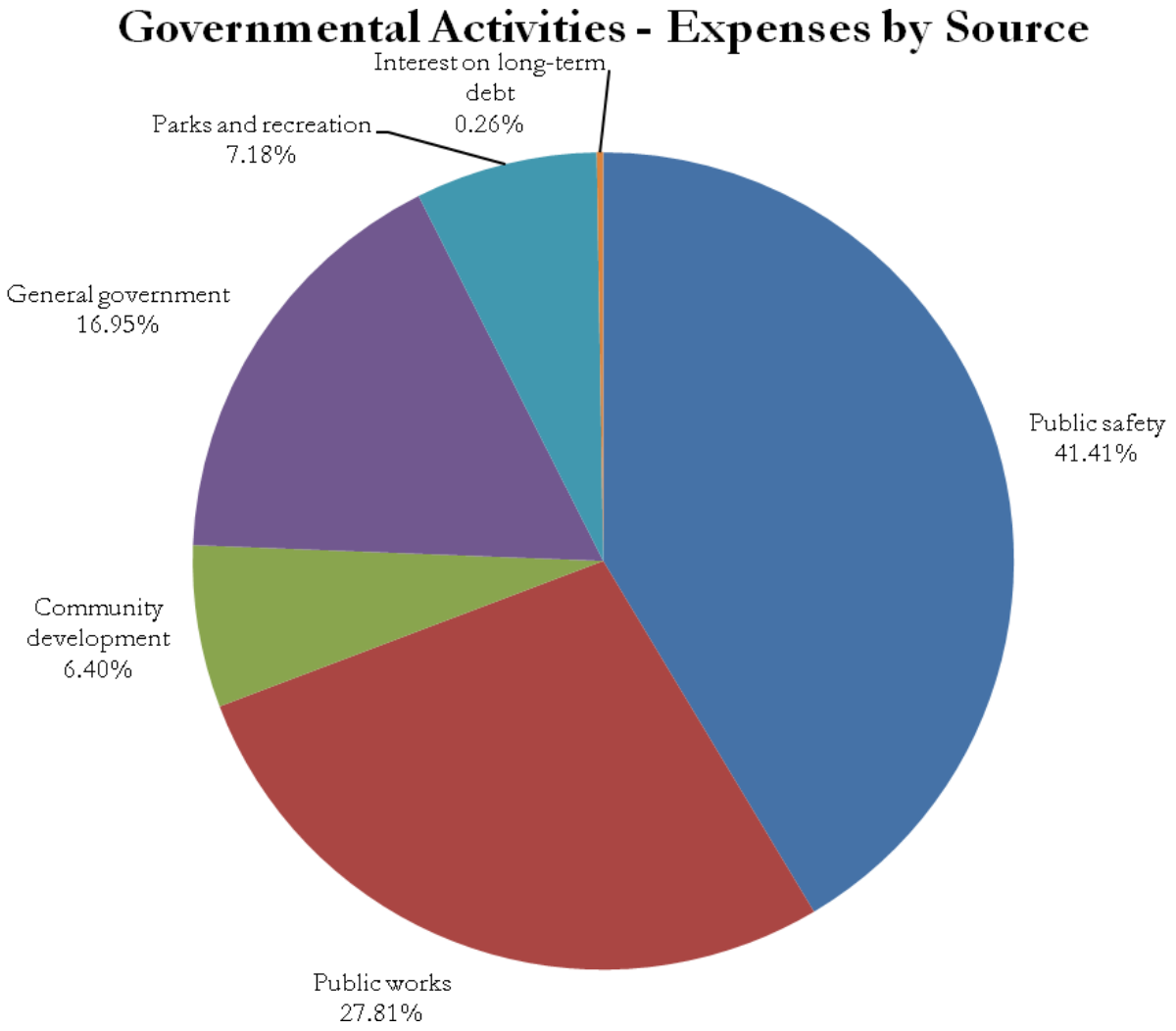
Governmental Activities - Revenues by Source

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. These transfers are 34.57% of the funding for the primary government. The second largest source of funding, Property taxes provided 20.13% of governmental revenues. Capital grants and contributions only provided 18.48% of the Governmental Activities funding in 2011. Due to a slow economy and falling property values, the necessity for the Business-type activities to provide funding for the Governmental activities continues to increase. Other revenue sources and funding through grants will have to fill this void. For the year ended September 30, 2011, transfers were $5.97 million.



Governmental Activities – Expenses by Source

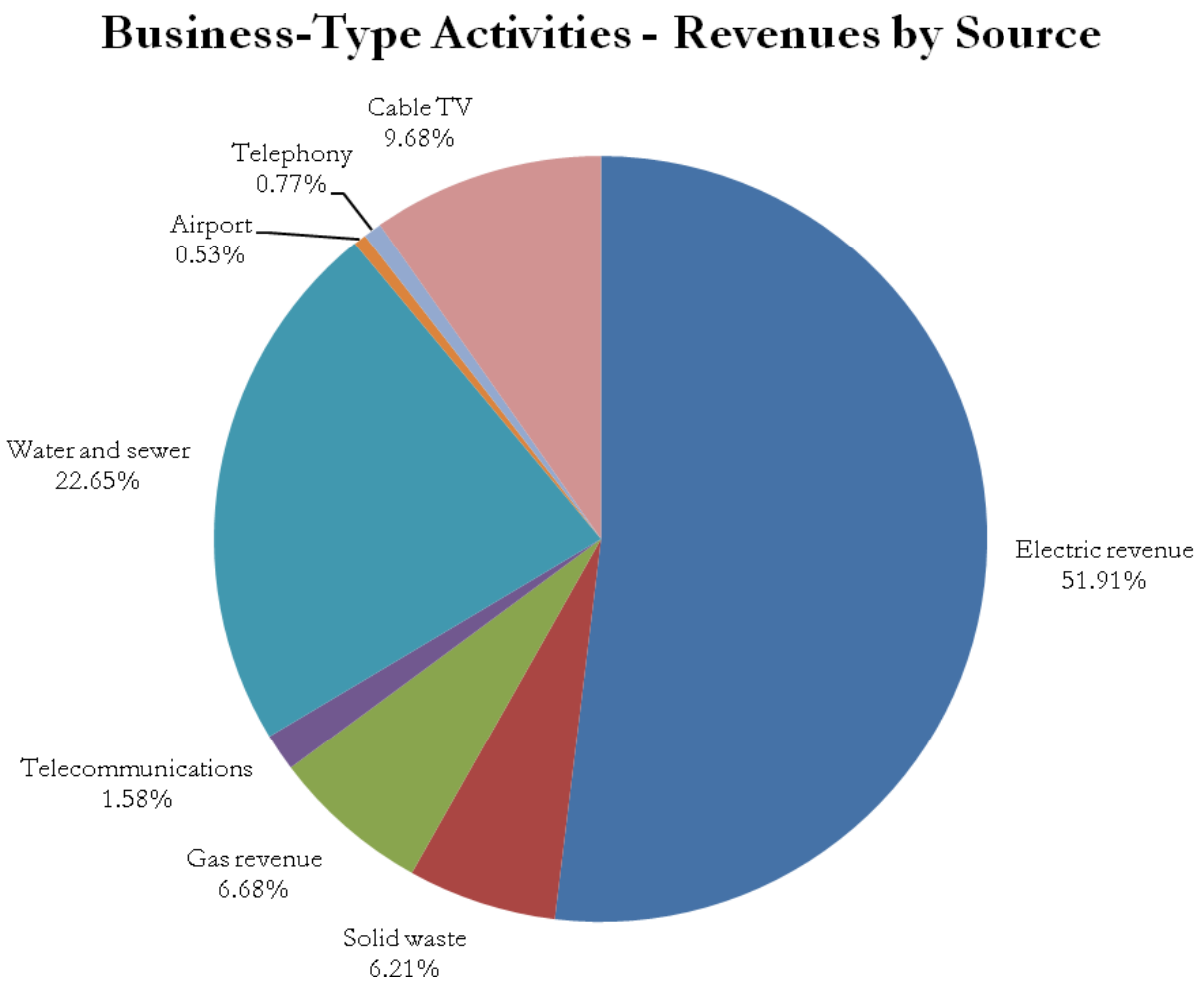
The following chart shows the governmental activities expenses by source. The City of Moultrie spent the greatest amount of its available funding on Public Safety at $6.47 million or 41.41%. The next largest governmental expense was for Public Works at $4.34 million or 27.81%.



Program Revenues and Expenses for Business-Type Activities

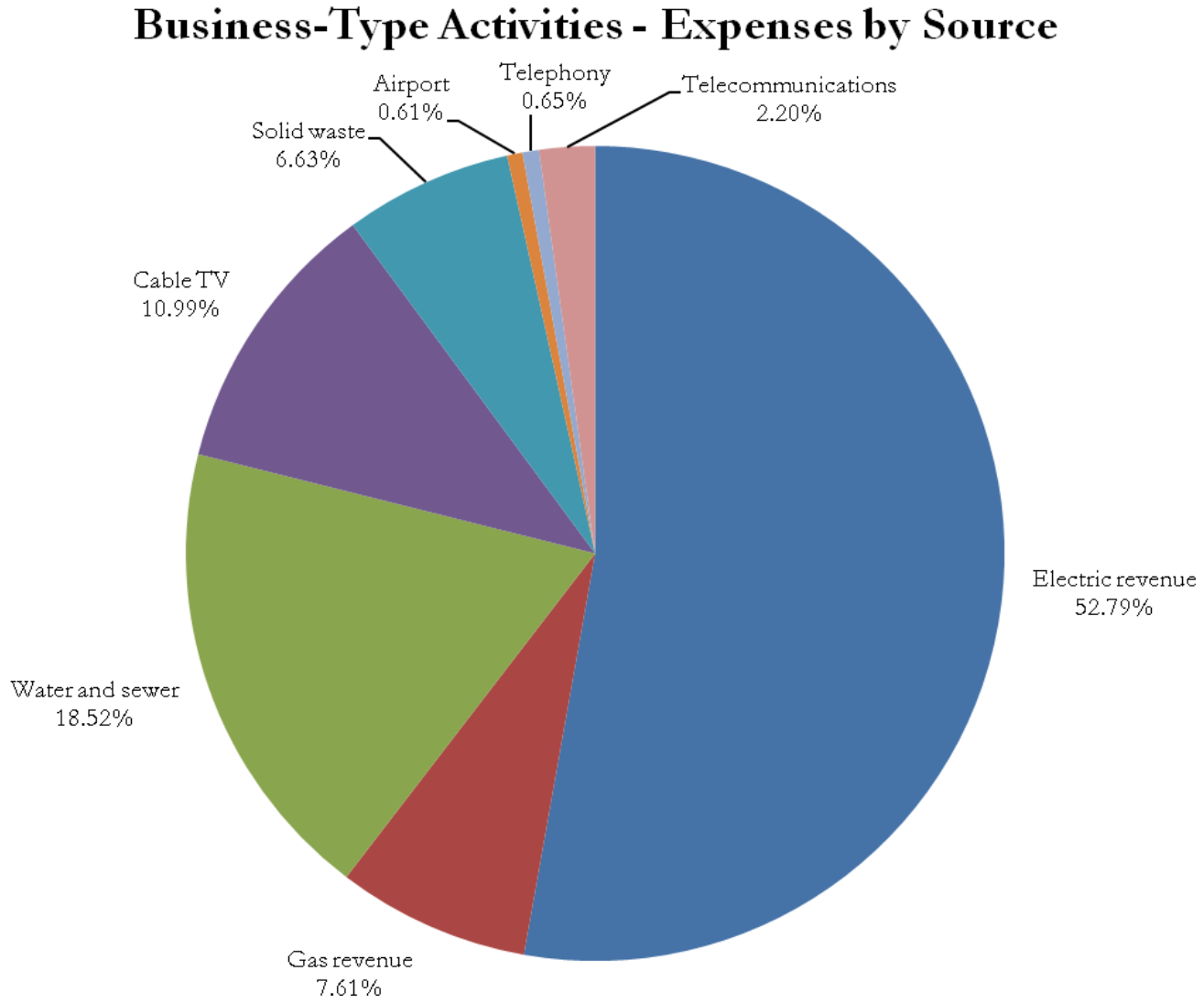
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Fund. By far, more revenues (51.91%) or $23.17 million are generated by this Fund than all other business-type activity funds combined. The next largest business-type revenue source comes from the Water & Sewer Fund at 22.65% or $10.11 million.



Business-Type Activities – Expenses by Source

As expected, the Electric fund also has the largest amount of expenses at 52.79% or $17.98 million, but it generated net income of $5.26 million before its transfers to governmental activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City of Moultrie has two major governmental funds which include the General Fund and SPLOST Fund.

At September 30, 2011, the General Fund had a fund balance deficit of $364 thousand. This is a decrease of $832 thousand from the beginning fund balance as of October 1, 2010. The decrease in the fund balance was due primarily to increased expenditures in General Government operations, increased debt service payments, long term debt issued and the use of the remaining fund balance to pay for operations.

At September 30, 2011, the SPLOST Fund had a fund balance of $6.63 million. This is an increase of $2.68 million from the beginning fund balance as of October 1, 2010. This increase in the fund balance was due primarily to the collection of SPLOST funds while the constructions of the specified projects were still in the pre-construction stages. There was also a decrease in the fund balance of other governmental funds of $252 thousand due to the payment of the construction costs of capital projects during the year funded by the grant revenues received. The final fund balance for these funds was $7.04 million at the end of the year primarily, due to SPLOST funds available for approved projects not yet completed.

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 $6.86 million for the year ended September 30, 2011. This was an increase of $1.37 million from the previous year.

The Water and Sewer Fund had an ending cash balance of $2.56 million after accounting for funds owed to the Electric, Gas and Other Enterprise Funds at September 30, 2011. The total increase in cash of $1.17 million from the prior year included new debt issued for the construction of a new sewer plant facility.

The Electric Fund had a $6.47 million ending cash balance after accounting for funds owed from the Water and Gas funds. It also had investments of $6.48 million to draw on for operations and capital projects. These funds will be used primarily for additional acquisition and construction of capital assets, operational costs and the costs of power and the transfer of funds to the General Fund and interfund loans to the CNS Fund. The Electric Fund utility has kept property taxes level by its transfer of a large part of its profits to the General Fund. It has also provided funding for community projects that could not have been completed without the help of the Electric Fund.

The Cable TV Fund had an ending cash balance of $292 thousand which is a increase of $286 thousand from the beginning cash balance due to increasing bond payments paid on long term debt and increasing programming costs. This fund continues to hold its own with the help of interfund loans from the Electric Fund but will continue to struggle until its large bond debt service is paid off in 2016.

The combined cash balance of the non-major enterprise funds at the end of the year was $327 thousand. This is a decrease of $93 thousand from the beginning cash balance. The decrease in cash balance is principally from the acquisition and construction of capital assets and payments on long term debt.

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 2011 related to the transfer of budgeted amounts between departments and did not result in additional appropriations.

The actual revenues of the General Fund exceeded the final budgeted amounts by $67 thousand for the year ended September 30, 2011. The major factors contributing to this difference were additional revenues from charges for services and other revenues.

The actual expenditures of the General Fund were less than final budgeted amounts by $431 thousand for the year ended September 30, 2011. The major factors contributing to this difference were a decrease in actual expenditures for public safety, public works, Recreation and General Government operations which, came in under the approved budget for the year by a combined total of $757 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2011, governmental activities and business-type activities had capital assets of $53.07 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 decreased $986 thousand from the 2010 amount due to fewer purchases of vehicles, equipment and infrastructure improvements and the depreciation of existing assets already on the books. The net capital assets from business-type activities decreased by $914 thousand from the prior year due to less construction of water and sewer projects and other infrastructure system improvements. There were also fewer major equipment expenditures during this period.

Additional information on the City's capital assets can be found in Note F 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, 2011, the City had $1.14 million of outstanding long-term liabilities related to governmental activities and $12.23 million of long-term liabilities related to business-type activities for a total of $13.37 million compared to the previous year's total of $16.01 million. This is a decrease of $2.64 million as a result of decreased borrowing for major infrastructure projects and debt service payments on existing long term debt.

The City's component unit also had $3.13 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 three years.

Additional information on the City's long-term debt can be found in Note H of the Notes to Financial Statements.

FACTORS AFFECTING THE 2011 BUDGET

The Mayor and Council of the City of Moultrie considered many factors when approving the City's 2011 budget and are very aware of present economic conditions and their effect on its citizens. Property Tax collections for 2011 increased by $466,890 over the collections for 2010. This is a positive for development because Council maintained the same property tax rate for the year. General Fund expenses increased $179,154 over 2010 but revenues also increased $202,184 over the same period. While there were $2.615 million in Special Local Option Sales Tax proceeds collected in 2011, these revenues are restricted for special projects and cannot be used for regular governmental expenditures. It will be very important to continue to find other revenue sources in the coming years as well as to look very closely at governmental expenditures to find where costs may be reduced with the least amount of reduction in services delivered. Increasing the transfers from the business-type activities funds to the Governmental Funds has maintained these funds up until now but these transfers have reached a level that it will take utility rate increases to continue to fund these transfers to the governmental funds at the present pace while at the same time maintaining a positive balance in these business activities funds. The use of capital leases and funding from grants are some ways to spread or reduce the City's expenses, but the City can no longer avoid reductions in the overall Governmental expenditures to make the necessary reductions in transfers possible and avoid any property tax increases to offset these reductions. A continuation of the combination of programming rate increases and reductions in expenditures in the CNS Fund have been a positive for this fund and this trend must continue. This will reduce or eliminate the need for funding from internal and external sources to keep it solvent in the future. In the present economic climate, with the State and Federal Government passing more and more costs down to the City as they struggle to balance their budgets, Mayor and Council face some big challenges to make the tough choices to take the City of Moultrie and its citizens in the future.

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

CITY OF MOULTRIE, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 8,778,371	$ 5,643,395	$ 14,421,766	$ 38,181
Investments	-	7,048,783	7,048,783	-
Accounts receivable, net	456,940	4,311,556	4,768,496	-
Property tax receivable	2,910,907	-	2,910,907	-
Inventories	99,021	1,799,938	1,898,959	-
Other current assets	202,010	94,963	296,973	2,759
Due from other governments	-	-	-	-
Due from component unit	-	453,269	453,269	-
Internal balances	(1,812,663)	1,812,663	-	-
Restricted assets:				
Cash and cash equivalents	468,845	1,215,445	1,684,290	299,320
Investments	-	939,515	939,515	-
Sales tax receivable	107,063	-	107,063	-
Program receivables	522,611	-	522,611	-
Investment in SGBDA	-	825,637	825,637	-
Other noncurrent assets	676,471	385,696	1,062,167	236,517
Capital assets:				
Land	1,394,670	1,209,381	2,604,051	709,191
Construction in progress	-	-	-	-
Other capital assets, net of accumulated depreciation	24,087,405	26,373,511	50,460,916	2,422,193
Total assets	$ 37,891,651	$ 52,113,752	$ 90,005,403	$ 3,708,161
LIABILITIES				
Accounts payable	$ 1,449,970	$ 2,092,267	$ 3,542,237	$ -
Accrued expenses	230,748	215,287	446,035	70,571
Lines of Credit	-	810,000	810,000	-
Customer deposits	-	726,285	726,285	-
Deferred revenues	3,088,745	-	3,088,745	-
Due to other governments	139,398	-	139,398	-
Due to primary government	-	-	-	453,269
Liabilities payable from restricted assets	-	1,545,000	1,545,000	-
Short-term notes payable	-	586,775	586,775	-
Long-term liabilities:				
Due within one year	295,479	219,410	514,889	215,000
Due in more than one year	842,324	12,014,549	12,856,873	2,914,061
Total liabilities	6,046,664	18,209,573	24,256,237	3,652,901
NET ASSETS				
Invested in capital assets, net of related debt	24,377,597	12,443,541	36,821,138	-
Restricted for:				
Prepaid expenses	278,909		278,909	
Debt service	-	-	-	-
Capital projects	3,710,626	-	3,710,626	-
Public services	(376,154)	-	(376,154)	-
Unrestricted (deficit)	3,854,009	21,460,638	25,314,647	55,260
Total net assets	$ 31,844,987	$ 33,904,179	$ 65,749,166	$ 55,260

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

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	$ 2,646,333	$ 114,523	$ 1,041,746	$ 2,948,388	$ 1,458,324
Public safety	6,465,318	136,925	2,835	-	(6,325,558)
Public works	4,341,387	-	-	243,163	(4,098,224)
Parks and recreation	1,120,815	187,716	681,927	-	(251,172)
Community development	999,657	14,696	-	-	(984,961)
Elections	-	-	-	-	-
Interest on long-term debt	40,036	-	-	-	(40,036)
Total governmental activities	15,613,546	453,860	1,726,508	3,191,551	(10,241,627)
Business-type activities:					
Water and sewer	6,307,208	5,071,906	-	5,039,446	3,804,144
Electric revenue	17,976,806	23,170,475	-	-	5,193,669
Gas revenue	2,591,877	2,979,954	-	-	388,077
Cable TV	3,743,546	4,318,769	-	-	575,223
Solid waste	2,258,611	2,770,825	-	-	512,214
Airport	207,378	195,968	40,056	-	28,646
Telecommunications	748,063	609,864	94,690	-	(43,509)
Telephony	221,533	344,357	-	-	122,824
Total business-type activities	34,055,022	39,462,118	134,746	5,039,446	10,581,288
Total primary government	$ 49,668,568	$ 39,915,978	$ 1,861,254	$ 8,230,997	$ 339,661
Component unit:					
Downtown Development Authority	$ 405,264	$ 403,085	$ -	$ -	$ (2,179)

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF ACTIVITIES (continued)
For the Year Ended September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Change in net assets:				
Net (expense) revenue	$ (10,241,627)	$ 10,581,288	$ 339,661	$ (2,179)
General revenues:				
Taxes:				
Property taxes	3,475,811	-	3,475,811	-
Local option sales taxes	-	-	-	-
Other taxes	1,502,910	-	1,502,910	-
Licenses and permits	630,929	-	630,929	-
Investment income	37,253	23,154	60,407	500
Gain (loss) on disposal of capital assets	11,146	(73,578)	(62,432)	-
Other revenues	267,738	-	267,738	-
Transfers	5,969,046	(5,969,046)	-	-
Total general revenues and transfers	11,894,833	(6,019,470)	5,875,363	500
Change in net assets	1,653,206	4,561,818	6,215,024	(1,679)
Net assets, beginning of year	30,191,781	29,342,361	59,534,142	56,939
Net assets, end of year	$ 31,844,987	$ 33,904,179	$ 65,749,166	$ 55,260

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,845,042	$ 6,842,189	$ 91,140	$ 8,778,371
Investments	-	-	-	-
Accounts receivable, net	303,824	-	24,369	328,193
Property tax receivable	2,910,907	-	-	2,910,907
Inventories	87,766	-	-	87,766
Other current assets	191,143	-	1,265	192,408
Due from other governments	-	-	-	-
Due from component unit	-	-	-	-
Due from general fund	-	-	183,471	183,471
Due from other funds	1,713,666	-	58,569	1,772,235
Restricted assets:				
Cash and cash equivalents	-	-	468,845	468,845
Investments	-	-	-	-
Sales tax receivable	107,063	-	-	107,063
Program receivables	-	-	522,611	522,611
Total assets	$ 7,159,411	$ 6,842,189	$ 1,350,270	$ 15,351,870
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 705,731	$ 213,435	$ 486,783	$ 1,405,949
Accrued expenses	195,501	-	2,659	198,160
Customer deposits	-	-	-	-
Deferred revenues	3,088,745	-	-	3,088,745
Due to other governments	139,398	-	-	139,398
Due to general fund	-	-	84,121	84,121
Due to other funds	3,393,652	-	1,180	3,394,832
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	7,523,027	213,435	574,743	8,311,205
Fund balances				
Nonspendable	278,909	-	-	278,909
Restricted for:				
Debt service	-	-	-	-
Community development	-	-	1,224,224	1,224,224
Public safety	-	-	50,972	50,972
Specific purposes	-	6,628,754	-	6,628,754
Unassigned, reported in:				
General Fund	(642,525)	-	-	(642,525)
Capital projects funds	-	-	-	-
Special revenue funds	-	-	(499,669)	(499,669)
Total fund balances (deficit)	(363,616)	6,628,754	775,527	7,040,665
Total liabilities and fund balances (deficit)	$ 7,159,411	$ 6,842,189	$ 1,350,270	$ 15,351,870

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, 2011

Total governmental fund balances	$	7,040,665
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.		25,482,075
Net pension asset that is not a financial asset in governmental activities and therefore not reported in governmental funds.		462,749
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued expenses		(5,319)
Capital leases		(650,681)
Notes payable		(451,177)
Compensated absences		(33,325)
Net assets of governmental activities	$	31,844,987

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, 2011

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 3,475,811	$ -	$ -	$ 3,475,811
Local option sales taxes	-	-	-	-
Other taxes	1,328,852	-	174,058	1,502,910
Licenses and permits	630,929			630,929
Fines and forfeitures	-	-	-	-
Charges for services	343,561	-	14,696	358,257
Investment income	19,625	11,735	17,628	48,988
Intergovernmental	1,057,793	2,603,521	1,223,133	4,884,447
Other revenues	164,517	-	183,491	348,008
Total revenues	7,021,088	2,615,256	1,613,006	11,249,350
EXPENDITURES				
Current:				
General government	2,346,077	-	-	2,346,077
Public safety	6,000,124	-	106,220	6,106,344
Public works	2,618,152	-	-	2,618,152
Parks and recreation	992,894	-	-	992,894
Community development	-		219,232	219,232
Capital outlays	-	1,455,828	1,764,613	3,220,441
Debt service:				
Principal	326,576	-	-	326,576
Interest	40,036	-	-	40,036
Total expenditures	12,323,859	1,455,828	2,090,065	15,869,752
Excess (deficiency) of revenues over expenditures	(5,302,771)	1,159,428	(477,059)	(4,620,402)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	4,174,817	3,771,609	225,000	8,171,426
Transfers to other funds	(25,000)	(2,177,380)	-	(2,202,380)
Sale of capital assets	18,702	-	-	18,702
Long - term debt issued	302,678	-	-	302,678
Total other financing sources (uses)	4,471,197	1,594,229	225,000	6,290,426
Net change in fund balances	(831,574)	2,753,657	(252,059)	1,670,024
Fund balances (deficit), beginning of year	467,958	3,875,097	1,027,586	5,370,641
Fund balances (deficit), end of year	$ (363,616)	$ 6,628,754	$ 775,527	$ 7,040,665

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, 2011

Net change in fund balances - total governmental funds	$	1,670,024
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		1,417,128
Transfer of capital assets from business-type activities		-
Depreciation expense		(1,481,738)
Total proceeds from sale or disposal		(18,702)
Gain on disposal of capital assets		11,146
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		(302,678)
Debt payments made		326,576
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.		
Increase in net pension obligation		37,210
Increase in compensated absences		(5,760)
Change in net assets of governmental activities	$	1,653,206

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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ 3,479,116	$ 3,479,116	$ 3,475,811	$ (3,305)
Local option sales taxes	-	-	-	-
Other taxes	1,349,660	1,349,660	1,328,852	(20,808)
Licenses and permits	641,000	641,000	630,929	(10,071)
Fines and forfeitures	15,000	15,000	-	(15,000)
Charges for services	292,487	292,487	343,561	51,074
Investment income	19,000	19,000	19,625	625
Intergovernmental	1,090,132	1,090,132	1,057,793	(32,339)
Other revenues	68,000	68,000	164,517	96,517
Total revenues	6,954,395	6,954,395	7,021,088	66,693
EXPENDITURES				
Current:				
General government				
City council	873,779	873,779	745,610	128,169
City manager	223,668	223,668	223,354	314
Finance	382,340	382,340	360,930	21,410
Purchasing	160,128	160,128	145,283	14,845
Legal	-	-	-	-
Information systems	-	-	-	-
Municipal court	-	-	-	-
Human resources	184,627	184,627	183,994	633
City hall	58,982	58,982	49,662	9,320
Main street program	251,081	251,081	250,578	503
Engineering	394,195	394,195	386,666	7,529
Garage	-	-	-	-
Total general government	2,528,800	2,528,800	2,346,077	182,723
Public safety				
Police	3,167,108	3,167,108	3,043,790	123,318
Fire	2,765,514	2,765,514	2,635,245	130,269
Planning and zoning	400,568	400,568	321,089	79,479
Total public safety	6,333,190	6,333,190	6,000,124	333,066
Public works				
Office of the director	224,573	224,573	207,657	16,916
Streets and sidewalks	1,469,209	1,469,209	1,361,269	107,940
Beautification	1,082,526	1,082,526	1,049,226	33,300
Total public works	2,776,308	2,776,308	2,618,152	158,156
Parks and recreation				
Recreation	1,076,555	1,076,555	992,894	83,661
Parks and cemetery	-	-	-	-
Northwest Community Center	-	-	-	-
Total parks and recreation	1,076,555	1,076,555	992,894	83,661

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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt service:				
Principal	-	-	326,576	(326,576)
Interest	40,036	40,036	40,036	-
Total expenditures	12,754,889	12,754,889	12,323,859	431,030
Excess (deficiency) of revenues over expenditures	(5,800,494)	(5,800,494)	(5,302,771)	497,723
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	4,369,365	4,369,365	4,174,817	(194,548)
Transfers to other funds	(25,000)	(25,000)	(25,000)	-
Sale of capital assets	18,702	18,702	18,702	-
Long - term debt issued	392,180	392,180	302,678	(89,502)
Total other financing sources (uses)	4,755,247	4,755,247	4,471,197	(284,050)
Net change in fund balances	(1,045,247)	(1,045,247)	(831,574)	213,673
Fund balances (deficit), beginning of year	467,958	467,958	467,958	-
Fund balances (deficit), end of year	$ (577,289)	$ (577,289)	$ (363,616)	$ 213,673

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2011

	Business Type Activities - Enterprise Funds					Governmental Activity
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS						
Current assets						
Cash and cash equivalents	$ 5,094,102	$ -	$ 291,820	$ 257,473	$ 5,643,395	$ -
Investments	-	6,483,783	-	-	6,483,783	-
Restricted assets - investments	565,000	-	-	-	565,000	-
Accounts receivable, net	694,678	2,714,969	430,776	471,133	4,311,556	128,747
Due from general fund	28,254	-	4,850	3,199,781	3,232,885	2,747
Due from other funds	791	6,306,388	8,401	733,685	7,049,265	1,400,347
Due from component unit	235,000	-	-	218,269	453,269	-
Inventories	224,621	1,078,253	236,809	260,255	1,799,938	11,255
Other current assets	25,886	21,685	5,889	41,503	94,963	9,602
Total current assets	6,868,332	16,605,078	978,545	5,182,099	29,634,054	1,552,698
Non - current assets						
Investment in SGBDA	-	-	825,637	-	825,637	-
Restricted assets - cash	975,204	170,293	-	69,948	1,215,445	-
Restricted assets - investments	65,675	-	873,840	-	939,515	-
Deferred charges	220,592	-	165,104	-	385,696	213,722
Capital assets:						
Land	80,027	1,112,569	-	16,785	1,209,381	-
Construction in progress	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	11,630,764	6,303,511	5,487,484	2,951,752	26,373,511	-
Total non - current assets	12,972,262	7,586,373	7,352,065	3,038,485	30,949,185	213,722
Total assets	$ 19,840,594	$ 24,191,451	$ 8,330,610	$ 8,220,584	$ 60,583,239	$ 1,766,420
LIABILITIES						
Current liabilities						
Accounts payable	$ 164,245	$ 1,402,942	$ 261,538	$ 263,542	$ 2,092,267	$ 44,021
Accrued expenses	98,036	27,525	57,751	31,975	215,287	27,269
Lines of credit	-	-	810,000	-	810,000	-
Short - term notes payable	-	336,000	250,775	-	586,775	-
Current portion of long - term debt	71,185	-	-	148,225	219,410	-
Customer deposits	-	-	-	726,285	726,285	-
Due to other governments	-	-	-	-	-	-
Due to general fund	-	20,955	-	-	20,955	1,692,510
Due to other funds	3,512,412	73,428	3,289,112	1,573,580	8,448,532	-
Liabilities payable from restricted assets:						
Current portion of long - term debt	565,000	-	980,000	-	1,545,000	-
Total current liabilities	4,410,878	1,860,850	5,649,176	2,743,607	14,664,511	1,763,800
Long - term debt, net of current portion	6,740,479	-	4,942,425	319,906	12,002,810	2,620
Other liabilities - environmental remediation	11,739	-	-	-	11,739	-
Total liabilities	11,163,096	1,860,850	10,591,601	3,063,513	26,679,060	1,766,420
NET ASSETS						
Invested in capital assets, net of related debt	4,350,844	7,080,080	(1,495,716)	2,508,333	12,443,541	-
Restricted for debt service	-	-	-	-	-	-
Unrestricted (deficit)	4,326,654	15,250,521	(765,275)	2,648,738	21,460,638	-
Total net assets	$ 8,677,498	$ 22,330,601	$ (2,260,991)	$ 5,157,071	$ 33,904,179	$ -

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, 2011

	Business Type Activities - Enterprise Funds					Governmental Activity
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES						
Utility revenues	$ -	$ 23,170,475	$ -	$ -	$ 23,170,475	$ -
Charges for services	5,071,906	-	4,318,769	6,900,968	16,291,643	1,195,179
Intergovernmental	5,039,446	-	-	134,746	5,174,192	-
Total operating revenues	10,111,352	23,170,475	4,318,769	7,035,714	44,636,310	1,195,179
OPERATING EXPENSES						
Salaries and wages	789,291	783,925	70,871	712,275	2,356,362	551,550
Operating, administrative and maintenance	4,611,409	16,649,410	2,941,061	4,964,551	29,166,431	662,118
Depreciation	738,783	533,913	383,132	329,920	1,985,748	-
Total operating expenses	6,139,483	17,967,248	3,395,064	6,006,746	33,508,541	1,213,668
Operating income (loss)	3,971,869	5,203,227	923,705	1,028,968	11,127,769	(18,489)
NON - OPERATING INCOME (EXPENSES)						
Interest income	9,173	11,796	910	1,275	23,154	-
Interest expense	(167,725)	(9,558)	(348,482)	(20,716)	(546,481)	(213)
Gain (loss) on disposal of capital assets	-	49,478	(135,156)	12,100	(73,578)	-
Income (loss) before contributions and transfers	3,813,317	5,254,943	440,977	1,021,627	10,530,864	(18,702)
Capital contributions	-	-	-	-	-	-
Transfers from other funds	2,177,380	722,239	435,000	-	3,334,619	18,702
Transfers to other funds	(4,900,332)	(3,231,475)	(435,000)	(736,858)	(9,303,665)	-
Change in net assets	1,090,365	2,745,707	440,977	284,769	4,561,818	-
Net assets (deficit), beginning of year	7,587,133	19,584,894	(2,701,968)	4,872,302	29,342,361	-
Net assets (deficit), end of year	$ 8,677,498	$ 22,330,601	$ (2,260,991)	$ 5,157,071	$ 33,904,179	$ -

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Business Type Activities - Enterprise Funds					Governmental Activity
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	$ 5,050,787	$ 23,267,926	$ 4,235,060	$ 6,894,487	$ 39,448,260	$ 1,107,051
Other operating receipts	5,039,446	-	-	134,946	5,174,392	-
Cash payments to employees	(779,360)	(782,700)	(70,555)	(712,818)	(2,345,433)	(637,675)
Cash payments to suppliers	(4,055,211)	(16,544,021)	(3,111,623)	(4,963,094)	(28,673,949)	(782,859)
New customer utility deposits	-	-	-	44,701	44,701	-
Refunded customer utility deposits	-	-	-	-	-	-
Net cash provided (used) by operating activities	5,255,662	5,941,205	1,052,882	1,398,222	13,647,971	(313,483)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	2,251,514	722,239	435,000	-	3,408,753	18,702
Transfers to other funds	(4,900,332)	(3,231,475)	(435,000)	(736,858)	(9,303,665)	-
Net change in due from general fund	(21,452)	-	(4,824)	(373,461)	(399,737)	-
Net change in due from other funds	(14,623)	(1,416,417)	39,227	(228,906)	(1,620,719)	76,952
Net change in due from component unit	-	-	-	-	-	-
Net change in due to general fund		(38,163)	-	(6,325)	(44,488)	397,320
Net change in due to other funds	1,084,479	(68,589)	361,936	265,453	1,643,279	(174,178)
Net cash provided (used) by noncapital financing activities	(1,600,414)	(4,032,405)	396,339	(1,080,097)	(6,316,577)	318,796
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Change in deferred charges	20,039	-	33,019	-	53,058	-
Proceeds from issuance of long - term debt		-	508,775	-	508,775	-
Proceeds from sale of assets	-	49,478	-	12,100	61,578	-
Proceeds from capital contributions	-	-	-	-	-	-
Acquisition and construction of capital assets	(394,740)	(687,897)	(172,422)	(260,659)	(1,515,718)	-
Principal payments on long - term debt	(1,934,968)	(112,000)	(1,177,483)	(143,038)	(3,367,489)	(5,100)
Interest paid	(173,225)	(9,558)	(356,135)	(20,716)	(559,634)	(213)
Net cash provided (used) by capital and related financing activities	(2,482,894)	(759,977)	(1,164,246)	(412,313)	(4,819,430)	(5,313)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investment securities	-	-	-	-	-	-
Purchase of investments	(9,500)	(1,160,192)	-	-	(1,169,692)	-
Loan disbursements	-	-	-	-	-	-
Interest received	9,173	11,796	910	1,275	23,154	-
Net cash provided (used) by investing activities	(327)	(1,148,396)	910	1,275	(1,146,538)	-
Net increase (decrease) in cash and cash equivalents	1,172,027	427	285,885	(92,913)	1,365,426	-
Cash and cash equivalents, beginning of year	4,897,279	169,866	5,935	420,334	5,493,414	-
Cash and cash equivalents, end of year	$ 6,069,306	$ 170,293	$ 291,820	$ 327,421	$ 6,858,840	$ -

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Business Type Activities - Enterprise Funds					Governmental Activity
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 3,971,869	$ 5,203,227	$ 923,705	$ 1,028,968	$ 11,127,769	$ (18,489)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	738,783	533,913	383,132	329,920	1,985,748	-
New customer utility deposits	-	-	-	44,701	44,701	-
Refunded customer utility deposits	-	-	-	-	-	-
Change in estimate	483,912	-	-	-	483,912	-
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(21,119)	97,451	(83,709)	(6,481)	(13,858)	(88,128)
Deferred charges	-	-	-	-	-	-
Inventories	(22,125)	(18,842)	5,164	(25,189)	(60,992)	17,874
Other current assets	(1,121)	(1,284)	(1,480)	(4,533)	(8,418)	(214,211)
Due from general fund	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Increase (decrease) in:						
Accounts payable	95,532	125,515	(174,246)	31,179	77,980	(17,242)
Accrued expenses	112	1,225	316	(245)	1,408	6,713
Compensated absences liability	9,819	-	-	(98)	9,721	-
Due to general fund	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Net cash provided (used) by operating activities	$ 5,255,662	$ 5,941,205	$ 1,052,882	$ 1,398,222	$ 13,647,971	$ (313,483)
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfer of capital assets to general fund	-	-	-	-	-	-
Total non-cash capital and related financing activities	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2011

	Pension Trust Fund	Agency Fund-Municipal Court
ASSETS		
Cash and cash equivalents	$ 1,555,934	$ 51,308
Investments:		
U.S. Government securities	728,189	-
Corporate bonds	1,600,403	-
Municipal bonds	2,124,218	-
Equities - common stock	3,739,212	-
Mutual funds	595,302	-
Asset-backed securities	321,622	-
Certificate of deposit	335,000	-
Receivables:		
Accounts receivable, net	-	-
Employer and employee's contribution	-	-
Accrued investment income	76,988	-
Other assets	-	1,041
Total assets	11,076,868	52,349
LIABILITIES		
Settlements payable	-	-
Accounts payable	-	43,466
Accrued expenses	-	2,032
Due to others	-	6,851
Total liabilities	-	52,349
NET ASSETS		
Held in trust for pension benefits (a schedule of funding progress is presented in the notes to financial statements)	$ 11,076,868	$ -

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, 2011

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	$ 296,328
Participants	296,328
Total contributions	592,656
Investment income	
Net appreciation in fair value of investments	-
Interest and dividends	431,600
Less - investment expenses	(84,321)
Net investment income	347,279
Total additions	939,935
DEDUCTIONS	
Net depreciation in fair value of investments	191,170
Pension benefits paid	512,841
Administrative expenses	53,474
Total deductions	757,485
Net increase	182,450
Net assets held in trust for pension benefits	
Beginning of year	10,894,418
End of Year	$ 11,076,868

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, Georgia 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, Georgia (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.

The *SPLOST Capital Projects Fund* is used to account for financial resources for the acquisition or construction of major capital facilities and improvements. These projects are financed through budget appropriations, sales tax proceeds and general obligation sales tax, and capital leases. The City's *SPLOST Capital Projects Fund* is used to account for the collection and disbursement of the 1% Special Purpose Local Option Sales Tax (SPLOST).

Additionally, the City reports the following governmental fund types:

The *Special Revenue Funds* are 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 *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.

The City reports the following internal service funds:

The *Internal Service Fund* is used to account for equipment services for the departments of the City on a cost reimbursement basis.

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.

The *Municipal Court Agency Fund* is used to account for assets held by the County as an agent for individuals, private organizations, other governments, and the County departments.

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 Funds, 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 capital 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 capital 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, 2011, $103,953 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 by time off or by payment upon retirement. (Employees who are terminated forfeit all vacation time they have not taken at the time of termination.)

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. Employees can accrue up to a maximum of 960 hours of sick leave and will be paid up to 65% of the hours accrued at the time of retirement based on the age of the employee at retirement. 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. Total contributions for the year ended September 30, 2011 were $95,514.

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, proprietary fund types in the fund financial statements, long-term debt, 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

Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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, 2011, 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.

Subsequent Events

The City has performed an evaluation of subsequent events, as defined under FASB ASC 855-10, through March XX, 2012, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that are required to be adjusted to, or disclosed in, the financial statements.

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 principles 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 the General Fund

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended September 30, 2011:

Department		Excess of Expenditures Over Budgeted Amounts
Debt Service	$	326,576

These over expenditures were funded by greater than anticipated revenues and transfers.

IV. Excess of Expenditures Over Appropriations in Individual Funds

The following funds incurred actual expenditures in excess of budgeted amounts for the year ended September 30, 2011:

Department		Excess of Expenditures Over Budgeted Amounts
Hotel/Motel Tax Fund	$	28,766
Confiscated Assets Fund		4,500

The following funds had deficit fund balances / retained earnings as of September 30, 2011:

Fund		Deficit
Cable TV Fund	$	2,260,991
Multiple Grants		411,460
General Fund		363,616

The fund deficits above are expected to be reduced through increased user charges and transfers from reserve and utility funds.

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, 2011, the carrying amount of the City's deposits was $17,713,298 and the bank balance was $18,342,745. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 2,241,568	$ 16,101,177	$ - -	$ 18,342,745

As of September 30, 2011, the carrying amount of deposits for the Downtown Development Authority was $337,501 and the bank balances were $354,300. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 304,980	$ 49,320	$ - -	$ 354,300

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, 2011, the City's balance in the discretionary stabilization fund was $6,483,783.

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, 2011, the City's investments were classified as follows:

	Category				
	1	2	3	Cost	Fair Value
Pension Trust Fund					
U.S. Government Securities	$ 728,189	$ - -	$ - -	$ 724,862	$ 728,189
Municipal Bonds	2,124,218	- -	- -	2,110,410	2,124,218
Corporate Bonds	1,600,403	- -	- -	1,667,395	1,600,403
Equities – Common Stock	3,739,212	- -	- -	3,869,386	3,739,212
Mutual Funds	595,302	- -	- -	662,586	595,302
Certificate of Deposit	335,000	- -	- -	335,000	335,000
Asset - Backed Securities	321,622	- -	- -	296,232	321,622
Proprietary Funds					
U.S. Government Securities	- -	873,840	- -	877,204	873,840
Cash		630,675		630,675	630,675
Municipal Competitive Trust – Short -term	- -	6,483,783	- -	6,483,783	6,483,783
				$ 17,657,533	$ 17,432,244

As of September 30, 2011, 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	$ 728,189	April 17, 2014 thru October 9, 2026	Unavailable
Municipal Bonds	2,124,218	December 1, 2012 thru December 1, 2021	Unavailable
Corporate Bonds	1,600,403	October 27, 2014 thru April 15, 2018	Unavailable
Equities – Common Stock	3,739,212	Not applicable	Unavailable
Mutual Funds	595,302	Not applicable	Unavailable
Certificate of Deposit	335,000	August 13, 2012	Unavailable
Asset - Backed Securities	321,622	October 1, 2021 thru June 1, 2028	
Proprietary Funds			
U.S. Government Securities	873,840	October 1, 2010 thru October 10, 2011	Unavailable
Cash	630,675	Not applicable	Unavailable
Municipal Competitive Trust– Short -term	6,483,783	Not applicable	AAA
	$ 17,432,244		

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	$ 17,713,298
Investments from above	17,432,244
Total	$ 35,145,542
Amounts as presented on the entity-wide Statement of Net Assets	
Governmental Activities:	
Cash and cash equivalents	$ 8,778,371
Restricted cash and cash equivalents	468,845
Business-Type Activities:	
Cash and cash equivalents	5,643,395
Investments	7,048,783
Restricted cash and cash equivalents	1,215,445
Restricted investments	939,515
Amounts as presented on the Statement of Fiduciary Net Assets	
Cash and cash equivalents	1,607,242
Investments	9,443,946
Total	$ 35,145,542

NOTE D – RECEIVABLES AND TAX REVENUE

I. Property Tax

Property taxes were levied in September 2010 and payable before December 2010 for the fiscal year 2011 tax. Property tax revenues are recognized when levied to the extent they result in current receivables. The City's fiscal year 2011 tax was levied prior to September 30, 2011 and was recorded as taxes receivable and deferred revenue within the City's General Fund.

The tax rate levied during fiscal year 2011 for the City's operations were 10.904 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at September 30, 2011.

II. Sales Tax

Colquitt County, Georgia has levied three 1% Special Purpose Local Option Sales Tax Programs (SPLOST) which were passed by referendum in 1994, 2001, and 2006. 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, 2011 are as follows:

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
Accounts Receivable	$ 337,509	$ - -	$ 24,369	$ 1,073,543	$ 3,411,119
Property Tax Receivable	2,910,907	- -	- -	- -	- -
Sales Tax Receivable	186,126	- -	- -	- -	- -
Program Receivables	- -	- -	610,123	- -	- -
Gross Receivables	3,434,542	- -	634,492	1,073,543	3,411,119
Less: Allowance for Uncollectibles	(112,748)	- -	(87,512)	(378,865)	(696,150)
Net Total Receivables	$ 3,321,794	$ - -	$ 546,980	$ 694,678	$ 2,714,969

	Cable TV Fund	Nonmajor Enterprise Funds	Total
Accounts Receivable	$ 1,159,581	$ 806,331	$ 6,812,452
Property Tax Receivable	- -	- -	2,910,907
Sales Tax Receivable	- -	- -	186,126
Program Receivables	- -	- -	610,123
Gross Receivables	1,159,581	806,331	10,519,608
Less: Allowance for Uncollectibles	(728,805)	(335,198)	(2,339,278)
Net Total Receivables	$ 430,776	$ 471,133	$ 8,180,330

NOTE E – 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, 2011 is as follows:

	Due From				
Due To	General Fund	SPLOST Funds	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
General Fund	$ - -	$ - -	$ 200	$ - -	$ 20,955
SPLOST Fund	- -	- -	- -	- -	- -
Nonmajor Governmental Funds	158,020	- -	84,021	- -	- -
Water and Sewer Fund	28,254	- -	- -	- -	- -
Electric Revenue Fund	- -	- -	1,080	2,945,298	- -
Cable TV Fund	4,850	- -	- -	- -	- -
Nonmajor Enterprise Funds	3,199,781	- -	- -	447,639	- -
Internal Service Fund	2,747	- -	- -	119,475	73,428
Total	$ 3,393,652	$ - -	$ 85,301	$ 3,512,412	$ 94,383

	Due From			
Due To	Cable TV Fund	Nonmajor Enterprise Funds	Internal Service Fund	Total
General Fund	$ - -	$	$ 1,692,510	$ 1,713,665
SPLOST Fund	- -	- -	- -	- -
Nonmajor Governmental Funds	- -	- -	- -	242,041
Water and Sewer Fund	173	618	- -	29,045
Electric Revenue Fund	3,028,823	331,187	- -	6,306,388
Cable TV Fund	- -	8,401	- -	13,251
Nonmajor Enterprise Funds	150,000	136,046	- -	3,933,466
Internal Service Fund	110,116	1,097,328	- -	1,403,094
Total	$ 3,289,112	$ 1,573,580	$ 1,692,510	$ 13,640,950

The composition of receivables and payables between the City and its component unit as of September 30, 2011 is as follows:

Due To		Due From Downtown Development Authority
Water and Sewer Fund	$	235,000
Gas Fund		218,269
Total	$	453,269

II. 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, 2011, consisted of the following:

	Transfer To				
Transfer From	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
General Fund	$ - -	$ - -	$ 25,000	$ - -	$ - -
SPLOST Fund	- -	- -	- -	2,177,380	- -
Nonmajor Governmental Funds	- -	- -	- -	- -	- -
Water and Sewer Fund	909,330	3,771,609	- -	- -	219,393
Electric Revenue Fund	2,596,475	- -	200,000	- -	- -
Cable TV Fund	- -	- -	- -	- -	435,000
Nonmajor Enterprise Funds	669,012	- -	- -	- -	67,846
Total	$ 4,174,817	$ 3,771,609	$ 225,000	$ 2,177,380	$ 722,239

	Transfer To		
Transfer From	Cable TV Fund	Nonmajor Enterprise Funds	Total
General Fund	$ - -	$ - -	$ 25,000
SPLOST Fund	- -	- -	2,177,380
Nonmajor Governmental Funds	- -	- -	- -
Water and Sewer Fund	- -	- -	4,900,332
Electric Revenue Fund	435,000	- -	3,231,475
Cable TV Fund	- -	- -	435,000
Nonmajor Enterprise Funds	- -	- -	736,858
Total	$ 435,000	$ - -	$ 11,506,045

NOTE F – CAPITAL ASSETS

The following is a summary of capital asset activity as of September 30, 2011:

Primary Government

Governmental Activities:

	Balance September 30, 2010	Increases	Decreases	Transfers	Balance September 30, 2011
Capital assets, not being depreciated:					
Land and land improvements	$ 1,394,670	$ - -	$ - -	$ - -	$ 1,394,670
Construction in progress	- -	- -	- -	- -	- -
Total capital assets not being depreciated	1,394,670	- -	- -	- -	1,394,670
Other capital assets					
Buildings and improvements	10,960,789	524,507	- -	- -	11,485,296
Machinery and equipment	6,469,945	663,436	(83,326)	- -	7,050,055
Infrastructure	47,071,401	229,185	- -	- -	47,300,586
Total other capital assets at cost	64,502,135	1,417,128	(83,326)	- -	65,835,937
Less accumulated depreciation for					
Buildings and improvements	(4,482,902)	(417,955)	- -	- -	(4,900,857)
Machinery and equipment	(4,086,773)	(545,988)	75,770	- -	(4,556,991)
Infrastructure	(31,772,889)	(517,795)	- -	- -	(32,290,684)
Total accumulated depreciation	(40,342,564)	(1,481,738)	75,770	- -	(41,748,532)
Other capital assets, net	24,159,571	(64,610)	(7,556)	- -	24,087,405
Governmental activities capital assets, net	$ 25,554,241	$ (64,610)	$ (7,556)	$ - -	$ 25,482,075

Business-Type Activities:

	Balance September 30, 2010	Increases	Decreases	Transfers	Balance September 30, 2011
Capital assets, not being depreciated:					
Land and land improvements	$ 1,282,470	$ - -	$ - -	$ (73,088)	$ 1,209,382
Construction in progress	4,247,057		(483,912)	(3,763,145)	- -
Total capital assets not being depreciated	5,529,527		(483,912)	(3,836,233)	1,209,382
Other capital assets					
Buildings	3,806,477	747,175	- -	98,046	4,651,698
Improvements other than buildings	52,895,464	507,865	- -	3,665,420	57,068,749
Machinery and equipment	9,151,843	312,746	- -	72,767	9,537,356
Total other capital assets at cost	65,853,784	1,567,786	- -	3,836,233	71,257,803
Less accumulated depreciation for					
Buildings	(2,175,660)	(99,203)	- -	- -	(2,274,863)
Improvements other than buildings	(33,839,365)	(1,773,191)	- -	- -	(35,612,556)
Machinery and equipment	(6,871,748)	(125,125)	- -	- -	(6,996,873)
Total accumulated depreciation	(42,886,773)	(1,997,519)	- -	- -	(44,884,292)
Other capital assets, net	22,967,011	(429,733)	- -	3,836,233	26,373,511
Business-type activities capital assets, net	$ 28,496,538	$ (429,733)	$ (483,912)	$ - -	$ 27,582,893

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	$ 155,244
Public safety	374,447
Public works	692,250
Parks and recreation	254,409
Community development	5,388
Total governmental activities depreciation expense	1,481,738
Business-type activities	
Water and sewer	738,783
Electric	533,913
Gas	60,378
Cable TV	383,132
Sanitation	168,212
Airport operations	74,782
Telecommunications	38,319
Total business-type activities depreciation expense	1,997,519
Total depreciation expense	$ 3,479,257

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, 2011 is as follows:

Governmental Activities:

The Authority had no governmental capital asset activity for the year ended September 30, 2011.

Business-type activities:

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011
Capital assets, not being depreciated:				
Land	$ 709,191	$ - -	$ - -	$ 709,191
Total capital assets not being depreciated	709,191	- -	- -	709,191
Other capital assets				
Buildings	4,145,774	- -	- -	4,145,774
Total other capital assets at cost	4,145,774	- -	- -	4,145,774
Less accumulated depreciation for				
Buildings	(1,517,266)	(206,315)	- -	(1,723,581)
Total accumulated depreciation	(1,517,266)	(206,315)	- -	(1,723,581)
Other capital assets, net	2,628,508	(206,315)	- -	2,422,193
Business-type activities capital assets, net	$ 3,337,699	$ (206,315)	$ - -	$ 3,131,384

Depreciation expense was charged to functions as follows:

Governmental activities	$ - -
Business-type activities	206,315
Total depreciation expense	$ 206,315

NOTE G – SHORT TERM DEBT

At September 30, 2011, the Cable TV Fund had revolving line of credit agreements with banks whereby it may borrow up to $1 million at 4.45% to fund short term budget deficits. The revolving line of credit agreements mature on December 9, 2011.

At September 30, 2011, the Cable TV Fund had a short term note with a bank for $250,775. The short term note payable agreement matures on March 28, 2012.

At September 30, 2011, the Electric Fund had a short term note with a bank for $336,000 to fund short term budget deficits. The short term note payable agreement matures on December 19, 2017.

Short-term liability activity for the year ended September 30, 2011, was as follows:

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011
Business-type activities:				
Lines of Credit	$ 910,000	$ - -	$ (100,000)	$ 810,000
Notes Payable	448,000	508,775	(370,000)	586,775
Business-type activities short-term debt	$ 1,358,000	$ 508,775	$ (470,000)	$ 1,396,775

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, 2011, are as follows:

Enterprise Fund and Description	Original Amount	Interest Rate	Due Date	Amount
Water and Sewer Fund - Refunding Project, Series 2009	$ 5,440,000	2.00 – 3.50%	2018	$ 4,890,000
Cable TV Fund – South Georgia Governmental Services Authority, Series 2004	10,180,000	2.00 – 5.00%	2016	6,150,000
				11,040,000
			Unamortized discount / premium / loss	(199,486)
			Less current portion	(1,545,000)
				$ 9,295,514

South Georgia Governmental Services Authority Revenue Bonds, Series 2009

The City of Moultrie Revenue Bonds, Water and Sewer Refunding Project, Series 2009 were issued September 17, 2009. The Series 2009 bonds were issued to provide funds to refund and redeem the City of Moultrie Combined Utility Revenue Bonds, Series 1998 and provide funds to prepay an outstanding loan made to the City by the Georgia Environmental Facilities Authority and pay certain costs of issuing the hereinafter described 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 $8.55 million. The defeased Series 2000 bonds are outstanding at September 30, 2011 in the amount of $8.55 million.

The annual debt service requirement to maturity of the Revenue Bonds at September 30, 2011 is as follows:

Year Ending September 30	Principal	Interest	Total
2012	$ 1,545,000	$ 377,906	$ 1,922,906
2013	1,595,000	335,981	1,930,981
2014	1,640,000	291,421	1,931,421
2015	1,700,000	232,263	1,932,263
2016	2,610,000	180,138	2,790,138
2017-2019	1,950,000	131,500	2,081,500
	$ 11,040,000	$ 1,549,209	$ 12,589,209

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, 2011, are as follows:

	Original Amount	Interest Rate	Due Date	Amount
Downtown Development Authority – Series A	$ 1,580,000	5.95%	2017	$ 1,035,000
Downtown Development Authority – Series B	$ 2,410,000	4.92%	2028	$ 2,135,000
				3,170,000
			Unamortized issuance and refunding costs	(40,939)
			Less current portion	(215,000)
				$ 2,914,061

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, Georgia 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, 2009, $1,540,000 of outstanding revenue bonds were 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, Georgia 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
2012	$ 215,000	$ 160,615	$ 375,615
2013	230,000	148,174	378,174
2014	240,000	135,041	375,041
2015	260,000	121,068	381,068
2016	270,000	106,253	376,253
2017-2021	775,000	369,282	1,144,282
2022-2026	685,000	209,223	894,223
2027-2030	495,000	37,545	532,545
	$ 3,170,000	$ 1,287,201	$ 4,457,201

II. Other Long-Term Debt

The General Fund has incurred debt to a bank for the purchase of real estate. This note is as follows at September 30, 2011:

Original Amount	Interest Rate	Due Date	Amount
$ 700,000	4.25%	2017	$ 451,177
		Less Current Portion	(63,416)
			$ 387,761

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

Year Ending September 30	Principal	Interest	Total
2012	$ 63,416	$ 19,736	$ 83,152
2013	70,861	16,792	87,653
2014	73,932	13,721	87,653
2015	77,136	10,517	87,653
2016	80,479	7,174	87,653
2017	85,353	3,687	89,040
	$ 451,177	$ 71,627	$ 522,804

At September 30, 2011, the Water and Sewer Fund had a note payable to the Georgia Environmental Facilities Authority whereby it may borrow up to $3,384,500. The outstanding balance at September 30, 2011 was $1,015,350. The debt is being used for the rehabilitation of the existing wastewater treatment facility. The project is still in the construction phase; therefore, a payment schedule has not been determined at September 30, 2011.

At September 30, 2011, the Water and Sewer Fund had a note payable to the Georgia Environmental Facilities Authority whereby it may borrow up to $3,500,000. The outstanding balance at September 30, 2011 was $1,386,212. The debt is being used for the renovation of the existing wastewater treatment facility. The project is still in the construction phase; therefore, a payment schedule has not been determined at September 30, 2011.

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 3.27% to 4.71%.

The following is an analysis of equipment leased under capital leases as of September 30, 2011:

		Business-type Activities	
	Governmental Activities	Water and Sewer Fund	Solid Waste Fund
Buildings and improvements	$ - -	$ - -	$ - -
Equipment	1,341,899	299,602	590,695
Less accumulated depreciation	(432,776)	(81,433)	(164,398)
Carrying value	$ 909,123	$ 218,169	$ 426,297

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments at September 30, 2011:

		Business-type Activities		
	Governmental Activities	Water and Sewer Fund	Solid Waste Fund	Totals
Year Ending September 30,				
2012	$ 248,663	$ 20,910	$ 148,225	$ 417,798
2013	198,955	20,910	153,377	373,242
2014	111,466	- -	126,412	237,878
2015	55,354	- -	42,954	98,308
2016	35,871	- -	19,485	55,356
2017-2020	36,548	- -	- -	36,548
Total minimum lease payments	686,857	41,820	490,453	1,219,130
Less amount representing interest	(33,556)	(1,524)	(30,248)	(65,328)
Present value of future Minimum lease payments	$ 653,301	$ 40,296	$ 460,205	$ 1,153,802

IV. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011	Due Within One Year
Governmental activities:					
Notes payable	$ 517,916	$ - -	$ (66,739)	$ 451,177	$ 63,416
Capital leases	615,560	302,678	(264,937)	653,301	232,063
Compensated absences	27,565	33,325	(27,565)	33,325	- -
Governmental activities long-term liabilities	$ 1,161,041	$ 336,003	$ (359,241)	$ 1,137,803	$ 295,479
Business-type activities:					
Revenue bonds	$ 12,455,000	$ - -	$ (1,415,000)	$ 11,040,000	$ 1,545,000
Less deferred amounts:					
For issuance discounts	(240,991)	- -	41,505	(199,486)	- -
Total bonds payable	12,214,009	- -	(1,373,495)	10,840,514	1,545,000
Notes payable	3,669,399	- -	(1,267,837)	2,401,562	- -
Capital leases	665,521	40,296	(205,316)	500,501	219,410
Compensated absences	14,922	24,644	(14,923)	24,643	- -
Environmental remediation liability	62,580	- -	(50,841)	11,739	- -
Business –type activities long-term liabilities	$ 16,626,431	$ 64,940	$ (2,912,412)	$ 13,778,959	$ 1,764,410

Long-term liability activity for the City's component unit for the year ended September 30, 2011, was as follows:

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011	Due Within One Year
Business-type activities:					
Revenue bonds	$ 3,380,000	$ - -	$ (210,000)	$ 3,170,000	$ 215,000
Less deferred amounts:					
For refunding costs	(47,762)	- -	6,823	(40,939)	- -
Governmental activities long-term liabilities	$ 3,332,238	$ - -	$ (203,177)	$ 3,129,061	$ 215,000

Compensated absences are liquidated by the General Fund and Enterprise Funds for which the liability is incurred.

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, 2011, 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 $2,553,865, net of accumulated depreciation of $1,526,871.

At September 30, 2011, the minimum future lease payments to be received under the operating lease are as follows:

Year Ending September 30	Total
2012	$ 213,505
2013	213,505
2014	213,505
2015	213,505
2016	213,505
2017	213,505
	$ 1,281,030

NOTE J – RESTRICTIONS OF FUND BALANCES

In the governmental fund financial statements, fund balances consist of nonspendable, restricted and unassigned amounts. Restrictionss 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 unassigned.

Fund balance reservations at September 30, 2011 include:

Capital Projects Funds	
Restricted for specific projects to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	$ 7,656,666
Special Revenue Funds	
Restricted to reflect resources legally restricted for specific purposes	$ 173,150

NOTE K – PENSION PLAN

I. Plan Description

The City of Moultrie, Georgia 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, Georgia and the board of trustees. The board of trustees acts in the dual capacity as 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, Georgia. 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, 2010, the date of the most recent actuarial valuation, there were 339 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	63
Vested terminated employees not yet receiving benefits	43
Active employees	233
Total	339

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

Investments are reported at their fair values. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrued basis. Dividend income is accrued on the ex-dividend date.

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, 2011 was determined as part of the October 1, 2010, 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 7.25% per year, compounded annually and net of investment expenses, b) projected salary increases of 3.75% per year and c) no inflation rate assumption.

Annual Pension Cost and Net Pension Obligation

	For the Plan Year Ending September 30,		
	2009	2010	2011
Annual required contribution	$ 240,786	$ 307,810	$ 251,750
Interest on net pension obligation	(28,729)	(31,976)	(30,852)
Adjustment to annual required contribution	21,205	23,602	22,029
Annual pension cost	233,262	299,436	242,927
Contributions made	(278,055)	(283,924)	(280,137)
Increase (decrease) in net pension obligation	(44,793)	15,512	(37,210)
Net pension (asset), beginning of year	(396,258)	(441,051)	(425,539)
Net pension (asset), end of year	$ (441,051)	$ (425,539)	$ (462,749)

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Percentage of Annual Required Contribution Contributed
2005	$ 219,405	100%
2006	140,774	100%
2007	236,165	100%
2008	240,786	100%
2009	307,810	100%
2010	251,750	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)
10/1/05	$ 9,085,219	$ 9,085,219	$ - -	100.00%	$ 5,350,039	0.00%
10/1/06	9,340,945	9,340,945	- -	100.00%	6,171,145	0.00%
10/1/07	10,475,787	10,412,673	- -	100.61%	6,238,450	0.00%
10/1/08	9,782,996	10,773,223	990,227	90.81%	5,856,540	16.91%
10/1/09	10,836,296	10,491,991	- -	103.28%	6,355,366	0.00%
10/1/10	11,058,536	11,085,137	26,601	99.76%	6,740,870	0.39%

Actuarial Valuation Information

Current Valuation Date	October 1, 2010
Actuarial Cost Method	Aggregate cost method
Amortization Method	Level percentage, open
Remaining Amortization Period	30 years
Asset Valuation Method	Five-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	3.75%
Expected Annual Inflation	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, 2011, the City paid $18,533 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, Georgia 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 $34,299 in such dues for the year ended September 30, 2011. The City of Moultrie's equity investment in the SGBDA is $825,637 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, 2011. 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, 1% is allocated each year to the Moultrie/Colquitt County Chamber of Commerce and 1% to the Main Street Program for use in the promotion of tourism within the City. For the year ended September 30, 2011, $174,058 of hotel/motel tax was collected and $34,736 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,	
	2010	2011
Unpaid claims, beginning of year	$ 115,381	$ 546,773
Incurred claims (including IBNRs)	3,005,408	2,251,579
Claim Payments	(2,574,016)	(2,464,923)
Unpaid claims, end of year	$ 546,773	$ 333,429

Settlements

During the year ended September 30, 2011, 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, 2009, 2010, and 2011.

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, 2011, 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 $15,460,052 in 2011.

At September 30, 2011, the outstanding debt of MEAG was approximately $5.9 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $137 million at September 30, 2011.

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 $1,970,309 for the year ended September 30, 2011.

At September 30, 2011, MGAG's bonds to which the City's obligation share is applicable were outstanding in the approximate principal amount of $268 million. The City's obligation share of that amount totals approximately $3.1 million at September 30, 2011.

NOTE Q – TERMINATION BENEFITS

The City offered enrollment for post retirement health insurance benefits under the City's self-insured group medical plan (the Plan) from September 1, 2007 through October 15, 2007 for the purpose of encouraging eligible employees considering an early leave decision to accelerate their retirement plans. Eligible employees included those age 55 with 15 years of service and had elected retirement by October 15, 2007. Participants are required to contribute a portion of the premiums and are eligible for benefits until the age of 65.

At September 30, 2011, three employees were eligible and receiving benefits under the Plan. For the year ended September 30, 2011, the cost of premiums for providing post-retirement health care was $21,001.

NOTE R – POLLUTION REMEDIATION OBLIGATIONS

Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations (GASB 49), provides guidance in estimating and reporting the potential costs of pollution remediation. While GASB 49 does not require the City to search for pollution, it does require the City to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

1) Pollution poses an imminent danger to the public and the City is compelled to take action,

2) The City is found in violation of a pollution related permit or license,

3) The City is named, or has evidence that it will be named as a responsible party by a regulator,

4) The City is named, or has evidence that it will be named in a lawsuit to enforce a cleanup, or

5) The City commences or legally obligates itself to conduct remediation activities.

The City has recorded in its financial statements a cost estimate for pollution remediation of the Bridgeport Brass Cleanup Project. The site has been identified by the Georgia Environmental Protection Division (GA EPD) as a location where historic uses have contributed to elevated levels of pollution in the soil. The City has previously recorded a liability, which totals $11,739 at September 30, 2011, to address required environmental cleanup costs associated with this site. The estimate of costs used to establish the liability was developed through extensive site analysis by independent engineers retained by the City and other parties. The liability could change due to price increases, changes in technology, or other factors.

NOTE S – CHANGE IN ACCOUNTING ESTIMATE

During the year ended September 30, 2011, the City revised the estimated cost of capitalized construction in progress in the Water and Sewer Fund. The effect of the change for fiscal year 2011 was to decrease the change in net assets in the water and sewer fund by $483,912.

Supplementary Information

CITY OF MOULTRIE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2011

	Special Revenue Funds			Capital Projects Funds		
	Multiple Grants	Confiscated Assets	Hotel / Motel Tax	Community Development	Paving Program	Total
ASSETS						
Cash and cash equivalents	$ -	$ 42,913	$ 48,227	$ -	$ -	$ 91,140
Investments	-	-	-	-	-	-
Accounts receivable, net	-	-	5,000	19,369	-	24,369
Property tax receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Other current assets	-	-	1,265	-	-	1,265
Due from other governments	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Due from general fund	-	-	3,740	-	179,731	183,471
Due from other funds	58,569	-	-	-	-	58,569
Restricted assets:						
Cash and cash equivalents	88,209	-	-	380,440	196	468,845
Investments	-	-	-	-	-	-
Sales tax receivable	-	-	-	-	-	-
Program receivables	-	-	-	522,611	-	522,611
Total assets	$ 146,778	$ 42,913	$ 58,232	$ 922,420	$ 179,927	$ 1,350,270
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 473,240	$ -	$ 13,442	$ 101	$ -	$ 486,783
Accrued expenses	-	-	2,659	-	-	2,659
Customer deposits	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to general fund	83,921	100	-	100	-	84,121
Due to other funds	1,077	-	3	-	100	1,180
Liabilities payable from restricted assets	-	-	-	-	-	-
Total liabilities	558,238	100	16,104	201	100	574,743
Fund balances						
Restricted for:						
Debt service	-	-	-	-	-	-
Community development	80,050	-	42,128	922,219	179,827	1,224,224
Public safety	8,159	42,813	-	-	-	50,972
Unassigned	(499,669)	-	-	-	-	(499,669)
Total fund balances (deficit)	(411,460)	42,813	42,128	922,219	179,827	775,527
Total liabilities and fund balances	$ 146,778	$ 42,913	$ 58,232	$ 922,420	$ 179,927	$ 1,350,270

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, 2011

	Special Revenue Funds			Capital Projects Funds		
	Multiple Grants	Confiscated Assets	Hotel / Motel Tax	Community Development	Paving Program	Total
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-	-	-
Other taxes	-	-	174,058	-	-	174,058
Fines, forfeitures and fees	-	-	-	-	-	-
Charges for services	-	-	9,883	4,813	-	14,696
Investment income	-	162	-	17,466	-	17,628
Intergovernmental	979,970	-	-	-	243,163	1,223,133
Other revenues	-	83,868	23,420	76,203	-	183,491
Total revenues	979,970	84,030	207,361	98,482	243,163	1,613,006
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	92,543	13,677	-	-	-	106,220
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	24	-	217,008	2,200	-	219,232
Capital outlays	1,482,793	38,657	-	-	243,163	1,764,613
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	1,575,360	52,334	217,008	2,200	243,163	2,090,065
Excess (deficiency) of revenues over expenditures	(595,390)	31,696	(9,647)	96,282	-	(477,059)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	200,000	-	25,000	-	-	225,000
Transfers to other funds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Long - term debt issued	-	-	-	-	-	-
Total other financing sources (uses)	200,000	-	25,000	-	-	225,000
Net change in fund balances	(395,390)	31,696	15,353	96,282	-	(252,059)
Fund balances (deficit), beginning of year	(16,070)	11,117	26,775	825,937	179,827	1,027,586
Fund balances (deficit), end of year	$ (411,460)	$ 42,813	$ 42,128	$ 922,219	$ 179,827	$ 775,527

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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Intergovernmental	979,970	979,970	979,970	-
Other revenues	-	-	-	-
Total revenues	979,970	979,970	979,970	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	92,543	92,543	92,543	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Community development	24	24	24	-
Capital outlays	1,482,793	1,482,793	1,482,793	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,575,360	1,575,360	1,575,360	-
Excess (deficiency) of revenues over expenditures	(595,390)	(595,390)	(595,390)	-
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	200,000	200,000	200,000	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Net change in fund balances	(395,390)	(395,390)	(395,390)	-
Fund balances, beginning of year	(16,070)	(16,070)	(16,070)	-
Fund balances, end of year	$ (411,460)	$ (411,460)	$ (411,460)	$ -

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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	151,000	151,000	174,058	23,058
Fines, forfeitures and fees	-	-	-	-
Charges for services	16,000	16,000	9,883	(6,117)
Investment income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenues	32,000	32,000	23,420	(8,580)
Total revenues	199,000	199,000	207,361	8,361
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Community development	188,242	188,242	217,008	(28,766)
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	188,242	188,242	217,008	(28,766)
Excess (deficiency) of revenues over expenditures	10,758	10,758	(9,647)	(20,405)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	25,000	25,000	25,000	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	25,000	25,000	25,000	-
Net change in fund balances	35,758	35,758	15,353	(20,405)
Fund balances, beginning of year	26,775	26,775	26,775	-
Fund balances, end of year	$ 62,533	$ 62,533	$ 42,128	$ (20,405)

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CONFISCATED ASSETS FUND

For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	162	162	-
Intergovernmental	-	-	-	-
Other revenues	83,868	83,868	83,868	-
Total revenues	83,868	84,030	84,030	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	9,177	9,177	13,677	(4,500)
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlays	38,657	38,657	38,657	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	47,834	47,834	52,334	(4,500)
Excess (deficiency) of revenues over expenditures	36,034	36,196	31,696	(4,500)
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	36,034	36,196	31,696	(4,500)
Fund balances, beginning of year	11,117	11,117	11,117	-
Fund balances, end of year	$ 47,151	$ 47,313	$ 42,813	$ (4,500)

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2011

	Business Type Activities - Enterprise Funds						
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Utilities Deposit Funds	Gas Fund	Telephony Fund	Total
ASSETS							
Current assets							
Cash and cash equivalents	$ -	$ -	$ 257,473	$ -	$ -	$ -	$ 257,473
Investments	-	-	-	-	-	-	-
Accounts receivable, net	165,051	6,180	6,910	-	236,741	56,251	471,133
Due from general fund	2,305,298	426,505	5,982	459,885	2,088	23	3,199,781
Due from other funds	-	-	-	302,295	295,354	136,036	733,685
Due from component unit	-	-	-	-	218,269	-	218,269
Inventories	-	-	-	-	247,931	12,324	260,255
Other current assets	28,231	6,843	-	-	6,429	-	41,503
Total current assets	2,498,580	439,528	270,365	762,180	1,006,812	204,634	5,182,099
Non - current assets							
Investment in SGBDA	-	-	-	-	-	-	-
Restricted assets - cash	-	-	-	-	69,948	-	69,948
Restricted assets - investments	-	-	-	-	-	-	-
Capital assets:							
Land	-	-	-	-	16,785	-	16,785
Construction in progress	-	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	1,217,962	1,083,995	294,686	-	355,109	-	2,951,752
Total assets	$ 3,716,542	$ 1,523,523	$ 565,051	$ 762,180	$ 1,448,654	$ 204,634	$ 8,220,584
LIABILITIES							
Current liabilities							
Accounts payable	$ 86,770	$ 2,822	$ 11,737	$ -	$ 127,958	$ 34,255	$ 263,542
Accrued expenses	18,781	5,518	-	-	7,676	-	31,975
Lines of credit	-	-	-	-	-	-	-
Current portion of long - term debt	148,225	-	-	-	-	-	148,225
Customer deposits	-	-	-	711,607	-	14,678	726,285
Due to other governments	-	-	-	-	-	-	-
Due to general fund	-	-	-	-	-	-	-
Due to other funds	1,017,239	59,430	144,933	-	351,963	15	1,573,580
Liabilities payable from restricted assets:							
Current portion of long - term debt	-	-	-	-	-	-	-
Total current liabilities	1,271,015	67,770	156,670	711,607	487,597	48,948	2,743,607
Long - term debt, net of current portion	314,398	-	-	-	5,508	-	319,906
Other liabilities - environmental remediation	-	-	-	-	-	-	-
Total liabilities	1,585,413	67,770	156,670	711,607	493,105	48,948	3,063,513
NET ASSETS							
Invested in capital assets, net of related debt	757,758	1,083,995	294,686	-	371,894	-	2,508,333
Restrcited for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	1,373,371	371,758	113,695	50,573	583,655	155,686	2,648,738
Total net assets	$ 2,131,129	$ 1,455,753	$ 408,381	$ 50,573	$ 955,549	$ 155,686	$ 5,157,071

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, 2011

	Business Type Activities - Enterprise Funds						
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Utilities Deposit Funds	Gas Fund	Telephony Fund	Total
OPERATING REVENUES							
Utility revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	2,770,825	195,968	609,864	-	2,979,954	344,357	6,900,968
Intergovernmental	-	40,056	94,690	-	-	-	134,746
Total operating revenues	2,770,825	236,024	704,554	-	2,979,954	344,357	7,035,714
OPERATING EXPENSES							
Salaries and wages	519,594	2,204	-	-	190,477	-	712,275
Operating, administrative and maintenance	1,550,325	142,163	709,744	-	2,341,022	221,297	4,964,551
Depreciation	168,212	63,011	38,319	-	60,378	-	329,920
Total operating expenses	2,238,131	207,378	748,063	-	2,591,877	221,297	6,006,746
Operating income (loss)	532,694	28,646	(43,509)	-	388,077	123,060	1,028,968
NON - OPERATING INCOME (EXPENSES)							
Interest income	-	-	578	-	697	-	1,275
Interest expense	(20,480)	-	-	-	-	(236)	(20,716)
Gain (loss) on disposal of capital assets	-	12,100	-	-	-	-	12,100
Income (loss) before contributions and transfers	512,214	40,746	(42,931)	-	388,774	122,824	1,021,627
Capital contributions	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	(223,725)	(5,616)	(29,736)	-	(477,781)	-	(736,858)
Change in net assets	288,489	35,130	(72,667)	-	(89,007)	122,824	284,769
Net assets, beginning of year	1,842,640	1,420,623	481,048	50,573	1,044,556	32,862	4,872,302
Net assets, end of year	$ 2,131,129	$ 1,455,753	$ 408,381	$ 50,573	$ 955,549	$ 155,686	$ 5,157,071

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2011

	Business Type Activities - Enterprise Funds						
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Utilities Deposit Funds	Gas Fund	Telephony Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	$ 2,824,245	$ 195,968	$ 609,529	$ -	$ 2,928,195	$ 336,550	$ 6,894,487
Other operating receipts		40,256	94,690	-	-	-	134,946
Cash payments to employees	(520,980)	(2,204)	-	-	(189,634)	-	(712,818)
Cash payments to suppliers	(1,541,272)	(145,718)	(714,129)	-	(2,344,936)	(217,039)	(4,963,094)
New customer utility deposits	-	-	-	44,081	-	620	44,701
Redunded customer utility deposits	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	761,993	88,302	(9,910)	44,081	393,625	120,131	1,398,222
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	-	-	-	-		-	-
Transfers to other funds	(223,725)	(5,616)	(29,736)	-	(477,781)	-	(736,858)
Net change in due from general fund	(291,406)	(79,967)			(2,088)		(373,461)
Net change in due from other funds	-	327		(44,081)	(65,257)	(119,895)	(228,906)
Net change in due from component unit	-	-	-	-		-	-
Net change in due to general fund	-	-		-	(6,325)	-	(6,325)
Net change in due to other funds	114,861	2,651	95,636	-	52,305		265,453
Net cash provided (used) by noncapital financing activities	(400,270)	(82,605)	65,900	(44,081)	(499,146)	(119,895)	(1,080,097)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from issuance of long - term debt	-	-	-	-	-	-	-
Proceeds from sale of assets	-	12,100	-	-	-	-	12,100
Proceeds from capital contributions	-	-	-	-	-	-	-
Acquisition and construction of capital assets	(198,205)	(17,797)		-	(44,657)	-	(260,659)
Principal payments on long - term debt	(143,038)	-	-	-	-	-	(143,038)
Interest paid	(20,480)	-	-	-	-	(236)	(20,716)
Net cash provided (used) by capital and related financing activities	(361,723)	(5,697)	-	-	(44,657)	(236)	(412,313)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-
Loan disbursements	-	-	-	-	-	-	-
Interest received	-	-	578	-	697	-	1,275
Net cash provided (used) by investing activities	-	-	578	-	697	-	1,275
Net increase (decrease) in cash and cash equivalents	-	-	56,568	-	(149,481)	-	(92,913)
Cash and cash equivalents, beginning of year	-	-	200,905	-	219,429	-	420,334
Cash and cash equivalents, end of year	$ -	$ -	$ 257,473	$ -	$ 69,948	$ -	$ 327,421

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2011

	Business Type Activities - Enterprise Funds						
	Solid Waste Fund	Airport Fund	Tele-Communications Fund	Utilities Deposit Funds	Gas Fund	Telephony Fund	Total
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	$ 532,694	$ 28,646	$ (43,509)	$ -	$ 388,077	$ 123,060	$ 1,028,968
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	168,212	63,011	38,319	-	60,378	-	329,920
New customer deposits liability	-	-	-	44,081	-	620	44,701
Refunded customer utility deposit	-	-	-	-	-	-	-
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable	53,420	-	(335)	-	(51,759)	(7,807)	(6,481)
Inventories	-	-	-	-	(17,889)	(7,300)	(25,189)
Other current assets	(693)	(2,143)	-	-	(1,697)	-	(4,533)
Due from general fund	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-	-
Increase (decrease) in:							
Accounts payable	9,746	(1,412)	(4,385)	-	15,672	11,558	31,179
Accrued expenses	(1,418)	200	-		973	-	(245)
Compensated absences liability	32	-	-	-	(130)	-	(98)
Due to general fund	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	$ 761,993	$ 88,302	$ (9,910)	$ 44,081	$ 393,625	$ 120,131	$ 1,398,222
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Transfer of capital assets to general fund	-	-	-	-	-	-	-
Total non-cash capital and related financing activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended September 30, 2011

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$ 418,701
Other operating receipts	
Cash payments to employees	-
Cash payments to suppliers	(12,588)
Net cash provided (used) by operating activities	406,113
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	-
Transfers to other funds	-
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	(210,000)
Proceeds from bond offering	-
Defeasance of revenue bonds	-
Payment of bond issuance costs	-
Interest paid	(164,649)
Net cash provided (used) by capital and related financing activities	(374,649)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	-
Purchase of investments	-
Loan disbursements	-
Interest received	500
Net cash provided (used) by investing activities	500
Net increase (decrease) in cash and cash equivalents	31,964
Cash and cash equivalents, beginning of year	305,537
Cash and cash equivalents, end of year	$ 337,501

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended September 30, 2011

	Downtown Development Authority
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 184,418
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	206,315
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	15,616
Inventories	-
Other current assets	(236)
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	$ 406,113

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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, 2011, which collectively comprise the City of Moultrie, Georgia's basic financial statements and have issued our report thereon dated March 28, 2012. We did not audit the financial statements of the Pension Trust Fund, which statements reflect total assets of $11,076,868 as of September 30, 2011 and revenues of $939,935 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Moultrie, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Moultrie, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses, have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies 2011-1 through 2011-5 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

The City of Moultrie, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Moultrie, Georgia's response and, accordingly, we express no opinion on it.

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.

Carr, Rigg & Ingram, LLC

March 28, 2012
Tifton, Georgia

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 City of Moultrie, Georgia's compliance, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. 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 grants 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 non-compliance 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, Georgia complied, in all material respects, with the compliance requirements referred to above, that could have a direct and immaterial effect on each of its major federal programs, for the year ended September 30, 2011.

Internal Control over Compliance

Management of the City of Moultrie, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Moultrie, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Moultrie, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

Carr, Rigg & Ingram, LLC

March 28, 2012
Tifton, Georgia

CITY OF MOULTRIE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2011

Federal / Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Identification Number	Program or Award Amount	Expenditures
Department of Housing and Urban Development				
Passed through the Georgia Department of Community Affairs				
Community Development Block Grant	14.228	09p-x-035-2-5114	$ 500,000	$ 433,200
EDI Special Project Grant		B-04-SP-GA-0204	521,903	243,163
Community Home Investment Program Grant	14.239	04m-x-035-2-2911	300,000	-
Total funding passed through DCA				676,363
Total Department of Housing and Urban Development				676,363
U.S. Environmental Protection Agency				
Passed through the Georgia Environmental Facilities Authority				
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 09-036	3,500,000	1,186,107
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 09-035	3,384,500	991,273
Total U.S. Environmental Protection Agency				2,177,380
U. S. Department of Justice				
ARRA - Edward Byrne Justice Assistance Grant Program	16.803	2009-SB-B9-0920	120,802	4,400
Edward Byrne Justice Assistance Grant Program	16.803	2009-DJ-BX-0442	21,259	1,745
Edward Byrne Justice Assistance Grant Program	16.803	2009-DJ-BX-0490	200,000	200,000
Edward Byrne Justice Assistance Grant Program	16.803	2010-DJ-BX-1144	17,576	17,576
				223,721
COPS Hiring Recovery Program	16.710	2009RKWX0272	278,186	59,910
COPS Technology Grant	16.710	2008CKWX0127	327,355	61,611
COPS Technology Grant	16.710	2009CKWZ0346	350,000	44,485
				166,006
Total U. S. Department of Justice				389,727
U.S. Department of Transportation				
Passed through the Georgia Department of Transportation				
AARA - Intermodal Facilities Program	20.500	GA-04-0017	1,248,616	748,882
Total U. S. Department of Transportation				748,882
Federal Emergency Management Agency				
Passed through the Georgia Emergency Management Agency				
Emergency Services		FEMA-1833-DR-GA	285,464	106,350
Total Federal Emergency Management Agency				106,350
U.S. Department of Homeland Security				
Passed through the Georgia Emergency Management Agency				
2009 Homeland Security Grant		GAN #2009-SS-T9-0047	10,000	9,570
Total U.S. Department of Homeland Security				9,570
Total Expenditures of Federal Awards				$ 4,108,272

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, 2011.

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, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?		____ yes	X no
Significant deficiencies 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:

Name of Federal Program or Cluster	CFDA Number
Community Development Block Grant	14.228
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458
AARA - Intermodal Facilities Program	20.500

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.

SECTION II FINDINGS - FINANCIAL STATEMENT AUDIT

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.

Material Weaknesses

2011-1

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

The City of Moultrie, Georgia is a small local government and has a limited amount of resources and employees. Therefore, the City does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:

Since the City is a small local government, it is not financially feasible for the City to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:

The City's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with the finding and is continually working to improve controls to mitigate the risks associated with this condition.

2011-2

Criteria:

Policies, procedures, and monitoring controls should be in place to provide for the recording of transactions to accounts receivable.

Condition:

The City's policies and procedures for recording and monitoring accounts receivable did not prevent misstatements in the funds.

Cause of Condition:

The City's monitoring controls were not implemented.

Effect of Condition:

Accounts receivable were misstated in the funds.

Response of Management:

Management concurs with this finding and is developing additional policies, procedures, and monitoring activities over accounts receivable.

See independent auditors' report.

SECTION II FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

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.*

Material Weaknesses

2011-3

Criteria:

Policies, procedures, and monitoring controls should be in place to provide for the recording of transactions to the investment accounts.

Condition:

The City's policies and procedures for recording and monitoring the investment accounts did not prevent misstatements in the funds.

Cause of Condition:

The City's monitoring controls were not implemented.

Effect of Condition:

Investment accounts were misstated in the funds.

Response of Management:

Management concurs with this finding and is developing additional policies, procedures, and monitoring activities over the investment accounts.

2011-4

Criteria:

Policies, procedures and monitoring controls should be in place to provide for the reconciling of transactions to fund balance and interfund accounts.

Condition:

The City's policies and procedures for recording and monitoring fund balances and interfund accounts did not prevent misstatements in the funds.

Cause of Condition:

The City's monitoring controls were not implemented.

Effect of Condition:

Interfund accounts were misstated in the funds.

Response of Management:

Management concurs with this finding and is developing additional policies, procedures, and monitoring activities over interfund accounts.

2011-5

Criteria:

Policies, procedures and monitoring controls should be in place to provide for the recording of transactions to long term debt accounts.

Condition:

The City's policies and procedures for recording an monitoring long term debt accounts did not prevent misstatements in the funds.

Cause of Condition:

The City's monitoring controls were not implemented.

Effect of Condition:

Long term debt accounts were misstated in the funds.

See independent auditors' report.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR AWARDS PROGRAM AUDIT

Findings noted on the Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance With *OMB Circular A - 133.*

none reported

See independent auditors' report.

SECTION II FINDINGS - FINANCIAL STATEMENT AUDIT

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.

2010-1

Condition:

The City of Moultrie, Georgia is a small local government and has a limited amount of resources and employees. Therefore, the City does not have an adequate number of employees to provide for the proper segregation of duties.

Status:

The above finding is included as finding 2011-1 in the current year Schedule of Findings and Questioned Costs.

2010-2

Condition:

The City's policies and procedures for recording an monitoring accruals did not prevent misstatements in the funds.

Status:

The City's monitoring controls were implemented.

2010-3

Condition:

The City's policies and procedures for recording an monitoring accounts receivable did not prevent misstatements in the funds.

Status:

The above finding is included as finding 2011-2 in the current year Schedule of Findings and Questioned Costs.

2010-4

Condition:

The City's policies and procedures for recording and monitoring the investment accounts did not prevent misstatements in the funds.

Status:

The above finding is included as finding 2011-3 in the current year Schedule of Findings and Questioned Costs.

2010-5

Condition:

The City's policies and procedures for recording an monitoring interfund accounts did not prevent misstatements in the funds.

Status:

The above finding is included as finding 2011-4 in the current year Schedule of Findings and Questioned Costs.

2010-6

Condition:

The City's policies and procedures for recording an monitoring long term debt accounts did not prevent misstatements in the funds.

Status:

The above finding is included as finding 2011-5 in the current year Schedule of Findings and Questioned Costs.

See independent auditors' report.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR AWARDS PROGRAM AUDIT

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.*

not applicable

See independent auditors' report.

CITY OF MOULTRIE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX EXPENDITURES
For the Year Ended September 30, 2011

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Special Purpose Local Option						
Sales Tax - 2001						
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	120,000	180,200	187,813	-	187,813	100%
Park improvements	10,618	58,000	54,500	-	54,500	94%
William Bryant Park (Drew Field)	291,000	109,861	163,088	-	163,088	100%
Magnolia Sports Complex	367,000	1,025,980	839,218	-	839,218	82%
Goff Complex	609,500	1,065,884	1,357,857	-	1,357,857	100%
Pedestrian Plazas	-	144,000	52,240	-	52,240	36%
Youth centers	-	50,797	98,013	-	98,013	100%
Plazas	97,000	97,000	-	-	-	0%
Concession stand - Magnolia Complex	-	210,000	196,552	-	196,552	94%
Northwest Community Center	250,000	420,085	480,475	-	480,475	100%
City Hall - renovation	79,701	-	656,350	-	656,350	n/a
Westside Drain - improvement	140,422	-	263	-	263	n/a
SW drainage ditch	85,193	-	102,781	-	102,781	n/a
GYMS HVAC upgrade	-	-	112,213	-	112,213	n/a
Police Dept Building - renovation	106,600	-	1,923,606	-	1,923,606	n/a
Eng. Fees 94 Recreation projects	-	15,488	15,488	-	15,488	100%
Total recreation	2,157,034	4,330,065	7,194,773	-	7,194,773	
Roads:						
Driveway entrance to youth complex	-	221,375	188,552	-	188,552	85%
RD resurfacing / paving / drainage	-	120,000	1,477,458	-	1,477,458	100%
Magnolia Sports parking lot	112,500	112,500	66,751	-	66,751	59%
Magnolia Sports parking lot driveway	38,982	30,921	35,751	-	35,751	100%
Goff Drive	-	138,918	228,372	-	228,372	100%
Flintridge upgrade	-	7,165	111,518	-	111,518	100%
Second Street, N.W.	-	13,621	17,987	-	17,987	100%
Magnolia Lane - complete street	160,530	160,530	171,307	-	171,307	100%
Magnolia Lane - curb and gutter	13,380	13,380	-	-	-	0%
Third Street, S.E.	36,000	36,000	38,057	-	38,057	100%
Fire Station #3 street improvements	-	-	22,465	-	22,465	n/a
Westside drainage improvements	380,000	380,000	531,692	177,965	709,657	100%
Fifth Ave. N.W. storm drainage	10,000	10,000	5,616	-	5,616	56%
Grant Chapel storm drainage	15,000	15,000	10,532	-	10,532	70%
Paving Group I	492,149	922,702	911,384	-	911,384	99%
Paving Group II	257,176	380,244	917,378	40,571	957,949	100%
Resurfacing Group III	73,444	258,238	63,091	68,115	131,206	51%
Paving Group III	269,567	269,567	411,777	-	411,777	100%
Resurfacing Group III	64,739	64,739	-	-	-	0%
Paving Group IV	244,537	244,537	-	164,995	164,995	67%
CDBG SE Paving Grant - transfer	150,446	150,446	213,358	-	213,358	100%
Total roads	2,318,450	3,549,883	5,423,046	451,646	5,874,692	
Total Sales Tax - 2001	$ 4,475,484	$ 7,879,948	$ 12,617,819	$ 451,646	$ 13,069,465	
Special Purpose Local Option						
Sales Tax - 2006						
Waste water treatment improvement Project	9,725,000	-	2,423,892	2,797,604	5,221,496	54%
Streets and drainage project	2,000,000	-	1,197,384	383,958	1,581,342	79%
	$ 11,725,000	$ -	$ 3,621,276	$ 3,181,562	$ 6,802,838	

See independent auditors' report.