CITY OF OAK PARK
Oak Park, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2012

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report 1

Basic Financial Statements
Government-Wide Financial Statements:
Statement of Net Position 3
Statement of Activities 4

Fund Financial Statements:
Governmental Funds:
Balance Sheet 5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 6
Statement of Revenues, Expenditures, and Changes in Fund Balances 7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities 8

Proprietary Fund:
Statement of Net Position 9
Statement of Revenues, Expenses, and Changes in Fund Net Position 10
Statement of Cash Flows 11

Notes to the Financial Statements 12

REQUIRED SUPPLEMENTARY INFORMATION

Individual Fund Schedules
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual 29

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Special County One Percent Sales and Use Tax 30

Schedule of Projects Constructed with Special Sales Tax Proceeds 31
Schedule of Projects Constructed with Special Sales Tax Proceeds 32

Report on Compliance and 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 33

Schedule of Findings and Responses 35

Summary Schedule of Prior Year Findings 37

Member:
American Institute of CPA's
Georgia Society of CPA's

Kendall L. Davis, PC

Certified Public Accountant
80 S. Tallahassee St. * Hazlehurst, Georgia 31539 * (Ph 912-375-6077 Fax 912-375-6078)

Independent Auditor's Report

Honorable Mayor and City Council
City of Oak Park
Oak Park, Georgia

I have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Oak Park as of and for the year ended December 31, 2012 which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of City of Oak Park's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit evidence I have obtained is sufficient and appropriate to provide basis for my qualified audit opinion.

The City of Oak Park could not provide sufficient appropriate audit evidence supporting financial data for January 1, 2012 through May 31, 2012 for the Police Department. Consequently, I was unable to determine the validity of this data.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the City of Oak Park as of December 31, 2012, and the changes in its respective financial position, and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 2, 2013 on my consideration of the City of Oak Park's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

The City of Oak Park did not present the Management's Discussion and Analysis for the year ended December 31, 2012 as required by the Government Accounting Standards Board. The omission of the Management's Discussion and Analysis does not affect my conclusion regarding the fair presentation of the financial statements.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Oak Park, taken as a whole. The accompanying financial information listed in the Table of Contents as Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The General Fund budget to actual comparison is presented for additional analysis and is not a required part of the financial statements. Such Supplementary Information and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kendall L Davis, PC

Kendall L. Davis, PC
Certified Public Accountant

Hazlehurst, Georgia
December 2, 2013

CITY OF OAK PARK
Oak Park, Georgia

Statement of Net Position

December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 83,868	$ 24,086	$ 107,954
Investments	88,268	20,801	109,069
Receivables, net	8,929	3,549	12,478
Internal balances	34,288	(34,288)	-
Total current assets	215,353	14,148	229,501
Noncurrent Assets:			
Capital assets:			
Nondepreciable	8,000	-	8,000
Depreciable, net	169,889	80,269	250,158
Total noncurrent assets	177,889	80,269	258,158
Total assets	393,242	94,417	487,659
Deferred outflow of resources	-	-	-
Total assets and deferred outflow of resources	$ 393,242	$ 94,417	$ 487,659
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	$ 7,019	$ 8,349	$ 15,368
Current portion of long-term debt	6,587	6,000	12,587
Total current liabilities	13,606	14,349	27,955
Noncurrent Liabilities:			
Noncurrent portion of long-term debt	6,817	43,700	50,517
Total liabilities	20,423	58,049	78,472
Deferred inflow of resources	-	-	-
NET POSITION			
Net Investment in capital assets	151,081	9,894	160,975
Restricted for:			
Debt service	13,404	8,846	22,250
Unrestricted	208,334	17,628	225,962
Total Net Position	372,819	36,368	409,187
Total liabilities, deferred inflow of resources, and net position	$ 393,242	$ 94,417	$ 487,659

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Activities
For the year ended December 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 112,026	$ 5,590	$ -	$ -	$ (106,436)	$ -	$ (106,436)
Public safety	247,088	195,425	1,847	-	(49,816)	-	(49,816)
Public works	6,244	3,199	-	-	(3,045)	-	(3,045)
Culture and recreation	1,656	2,080	-	-	424	-	424
Intergovernmental	-	-	-	18,149	18,149	-	18,149
Investment Earnings	-	-	-	40	40	-	40
Total governmental activities	$ 367,014	$ 206,294	$ 1,847	$ 18,189	$ (140,684)	$ -	$ (140,684)
Business-type activities -							
Water and sewer	$ 82,676	$ 44,880	$ -	$ -	$ -	$ (37,796)	$ (37,796)
Total business-type activities	$ 82,676	$ 44,880	$ -	$ -	$ -	$ (37,796)	$ (37,796)
Total primary government	$ 449,690	$ 251,174	$ 1,847	$ 18,189	$ (140,684)	$ (37,796)	$ (178,480)
General revenues:							
Franchise taxes					$ 730	$ -	$ 730
Local option sales taxes					60,343	-	60,343
Alcoholic beverage taxes					10,076	-	10,076
Insurance premium taxes					24,113	-	24,113
Unrestricted investment earnings					2,928	698	3,626
Transfers					(8,742)	8,742	-
Miscellaneous					10,018	-	10,018
Total general revenues					$ 99,466	$ 9,440	$ 108,906
Change in net position					(41,218)	(28,356)	(69,574)
Net Position - beginning (as restated)					414,037	64,724	478,761
Net Position - ending					$ 372,819	$ 36,368	$ 409,187

See auditor's report.

See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Balance Sheet
Governmental Funds

December 31, 2012

	General Fund	SPLOST Fund	SPLOST V	Total Governmental Funds - 2012
ASSETS				
Cash and cash equivalents	$ 67,952	$ -	$ 15,916	$ 83,868
Investments	88,268	-	-	88,268
Accounts Receivable, net	8,929	-	-	8,929
Due from other funds	34,288	-	-	34,288
Total assets	$ 199,437	$ -	$ 15,916	$ 215,353
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 7,019	$ -	$ -	$ 7,019
Total liabilities	7,019	-	-	7,019
FUND BALANCES				
Unassigned	187,604	-	-	187,604
Restricted	-	-	15,916	15,916
Total fund balances	192,418	-	15,916	208,334
Total liabilities and fund balances	$ 199,437	$ -	$ 15,916	$ 215,353

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2012

Total Fund Balance - total governmental funds	$	208,334
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds balance sheet:		
Cost		419,128
Less accumulated depreciation		(241,239)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(13,404)
Net position of governmental activities	$	372,819

See auditor's report.

See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended December 31, 2012

	General Fund	SPLOST Fund	SPLOST V	Total Governmental Funds - 2012
REVENUES				
Taxes	$ 95,261	$ -	$ -	$ 95,261
Licenses	5,280			5,280
Charges for services	3,570	-	-	3,570
Intergovernmental	-	2,233	15,916	18,149
Fines and forfeitures	195,425	-	-	195,425
Interest income	2,928	40	-	2,968
Other income	11,866	-	-	11,866
Total revenues	314,330	2,273	15,916	332,519
EXPENDITURES				
Current:				
General government	100,981	-	-	100,981
Public safety	228,979	-	-	228,979
Public works	2,320	-	-	2,320
Culture and recreation	1,656	-	-	1,656
Capital Outlay	29,399	-	-	29,399
Debt Service	7,056	-	-	7,056
Total expenditures	370,391	-	-	370,391
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Transfers Out	-	(8,742)	-	(8,742)
	-	(8,742)	-	(8,742)
Change in fund balance	(56,061)	(6,469)	15,916	(46,614)
Fund balances at beginning of year	248,479	6,469	-	254,948
Fund balances at end of year	$ 192,418	$ -	$ 15,916	$ 208,334

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the year ended December 31, 2012

Net change in fund balances - total governmental funds	$	(46,614)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded in the current period.		29,399
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.		(30,367)
Principal reduction on debt service.		6,364
Change in net position of governmental activities	$	(41,218)

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Net Position
Proprietary Fund

December 31, 2012

	Business-Type Activity - Enterprise Fund Water and Sewer
ASSETS	
Current assets:	
Cash	$ 24,086
Investments	20,801
Accounts receivable, net	3,549
Internal Balances	(34,288)
Total current assets	14,148
Capital assets:	
Infrastructure	52,280
Buildings & Improvements	287,396
Machinery & Equipment	31,829
Less - Accumulated Depreciation	(291,236)
Capital assets, net	80,269
Total assets	$ 94,417
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$ 8,349
Current portion of long-term debt	6,000
Total current liabilities	14,349
Long-term liabilities -	
Long-term debt	43,700
Total liabilities	58,049
NET POSITION	
Net Investment in capital assets	9,894
Restricted for:	
Debt service	8,846
Unrestricted Net Position	17,628
Total Net Position	36,368
Total Liabilities and Net Position	$ 94,417

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund

For the year ended December 31, 2012

	Business-Type Activity - Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for services	$ 44,880
Total operating revenues	44,880
OPERATING EXPENSES	
Contract labor	15,950
Supplies	17,114
Repairs and maintenance	9,026
Depreciation	10,905
Sanitation Services	14,160
Professional Fees	4,510
Utilities	5,706
Other general expenses	2,230
Dues and fees	575
Total operating expenses	80,176
Income (loss) from operations	(35,296)
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	698
Transfer In	8,742
Interest Expense	(2,500)
Total non-operating revenues (expenses)	6,940
Change in net assets	(28,356)
Net position at beginning of year	64,724
Net position at end of year	$ 36,368

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Cash Flows
Proprietary Fund

For the year ended December 31, 2012

	Business-Type Activity - Enterprise Fund Water and Sewer
CASH FLOWS USED BY OPERATING ACTIVITIES	
Receipts from users/others	$ 51,523
Payments to vendors	(70,089)
Net cash used by operating activities	(18,566)
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(25,280)
Interest paid on debt	(2,500)
Principal paid on debt	(6,300)
Other receipts	8,742
Net cash used by capital and related financing activities	(25,338)
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES	
Interest on investments	698
Net cash used by investing activities	698
NET DECREASE IN CASH	(43,206)
CASH, Beginning	67,292
CASH, Ending	$ 24,086
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	$ (35,296)
Depreciation	10,905
Increase (decrease) in accounts payable	7,924
(Increase) decrease in accounts receivable	(2,099)
Net cash provided by operating activities	$ (18,566)

See auditor's report.
See accompanying notes to financial statements.

The City of Oak Park, Georgia (the "City"), operates under the mayor/council form of government. The City provides the following government services: general administrative services, public safety, and streets. In addition, the City operates an enterprise fund which provides water and sewer services to its users.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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

1-A. Reporting Entity

The City of Oak Park operates under a council/mayor form of government and provides the following services: public safety, highways and streets, public improvements, and general and administrative services. The City of Oak Park also operates a public utility (water and sewer) for the incorporated and immediate surrounding areas.

The City has no potential component units that should be considered for inclusion in the reporting entity; however, the City of Oak Park is considered a related organization.

1B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. All funds are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the City.

Note 1 – Summary of Significant Accounting Policies (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions,* the determining factor is to which function the revenues are *restricted.*

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for government and proprietary funds.

Major individual government and enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

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

Note 1 – Summary of Significant Accounting Policies (continued)

The following is the City's major governmental fund:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

Governmental Fund:

SPLOST Fund - The SPLOST fund is used to account for financial sources and uses for the Special Purpose Local Option Sales Taxes.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income or loss, changes in net position and cash flows. Proprietary funds are classified as enterprise funds. The City has the following proprietary fund:

Water and Sewer System Fund - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses, including depreciation.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues), and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

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

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursements basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Deferred Inflows of Current Resources- Deferred inflows of current resources arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Note 1. Summary of Significant Accounting Policies (continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated as fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptance
- The State of Georgia local government investment pool (ie., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Note 1. Summary of Significant Accounting Policies (continued)

1-E-4. Consumable Inventories

On the government-wide financial statements, inventories, as applicable, are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds, as applicable, are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when consumed.

1-E-4. Deferred Outflows of Current Resources

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure in the year in which the services are consumed.

1-E-5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $500. The City's infrastructure consists of roads, bridges and water and sewer lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expenses. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and shelters	50 years
Water and sewer system	40 years
Equipment	5-10 years
Vehicles	5-10 years

Note 1. Summary of Significant Accounting Policies (continued)

1-E-6. Accumulated Compensated Absences

Accumulated sick pay benefits have not been recorded as a liability because the payment of benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

1-E-6. Accumulated Compensated Absences (continued)

In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

1-E-7. Restricted Assets

Certain proceeds of proprietary funds' revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond sinking fund" account is used to report resources set aside to fund current debt service requirements.

1-E-8. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed by creditors, grantors, laws, or regulations of other governments.

1-E-9. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

Note 1. Summary of Significant Accounting Policies (continued)

1-E-10. Fund Equity/ Net Position

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

Fund Balance- Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's finance director to assign fund balances.
- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Note 1. Summary of Significant Accounting Policies (continued)

Net Position- Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. The net position amount is also adjusted by any bond issuance deferred amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1-E-11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water, sewer and solid waste programs. Operating expenses are necessary costs incurred to provide the goods and services for the primary activity of each program. Non-operating revenues are revenues not generated from the primary activity of each program such as interest revenues and gain on sale of property. Non-operating expenses are expenses incurred not directly related to operations such as interest expense on notes and bonds.

1-E-12. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-13. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and in the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated.

Note 1. Summary of Significant Accounting Policies (continued)

1-E-14. Estimates

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

Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity Balances

2-A. Changes in Accounting Principles

Effective January 1, 2004, the City has implemented GASB Statement No. 34, "Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments," GASB Statement No.36, "Recipient Reporting for Certain Shared Non-exchange Revenues, an amendment of GASB Statement No. 33," GASB Statement No. 37, "Basic Financial Statements -and Management's Discussion And Analysis- for State and Local Governments: Omnibus," GASB Statement No. 38, "Certain Financial Statement Note Disclosures" and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement No. 34 creates new basic financial statements for reporting the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in a single column on the governmental fund statements.

The government-wide financial statements classify the City's programs between governmental activities and business-type activities. The beginning net position amount for the business-type activities equals fund equity of the enterprise funds from the prior year.

2-B. Restatement of Equity Balances

There are restatements of equity balances for the year ended December 31, 2012. Due to the City providing documentation on a note payable obtained for the purchase of a police vehicle, the restatement of equity balances resulted as follows:

	General Fund
Beginning balance at December 31, 2011	$ 419,645
To properly record note, asset, and depreciation	(5,608)
Beginning balance at December 31, 2011, as restated	$ 414,037

Note 3. Stewardship, Compliance and Accountability

3-A. Budgetary Information

The City adopts an annual operating budget for the general fund and enterprise fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenses.

All unexpended, unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically (i.e., no action is required by the City Council).

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The City Administrator may transfer funds from one object or purpose to another within the same department.
- The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

3-B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations at the department level (the legal level of control) included the following:

	Budget	Actual	Excess
Public Safety	$ 140,700	$ 228,979	$ (88,279)
Capital Outlay	-	29,399	(29,399)
Debt Service	-	7,056	(7,056)

Note 4. Detail Notes on all Funds

4-A. Deposits and Investments

The City's deposits are either insured or collateralized using the dedicated method. Under the Dedicated method of collateralization, all deposits over the federal depository insurance coverage are collateralized with securities held by the City's agent in the City's name. At the year-end, the City's deposits and investments had a carrying amount of $217,023 and bank balances of $253,228. Of the bank balances $250,000 was covered by federal depository insurance (FDIC) for checking and $250,000 for investing. The City's balances were covered by federal depository insurance (FDIC).

The City's cash and investments consist of checking, money market, and certificates of deposits. These are short-term highly liquid investments that are considered cash and cash equivalents. The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The City's investments consist of certificates of deposits from FDIC insured state banks with an original maturity in excess of ninety days. Investments are stated at cost, which approximates fair value.

4-B. Receivables

Receivables at December 31, 2012, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from services provided.

	Taxes	Customers	Other	Total
Governmental Activities:				
General	$ 8,929	$ -	$ -	$ 8,929
Total governmenatl activities	8,929	-	-	8,929
Business-type Activities:				
Water and Sewer	-	3,549	-	3,549
Total business-type activities	-	3,549	-	3,549
Total Receivables	$ 8,929	$ 3,549	$ -	$ 12,478

4-B.1. Interfund Receivables, Payables and Transfers

The Water and Sewer Fund borrowed $34,288 from the General Fund for operations. The Water and Sewer Fund had an Interfund Payable of $34,288 as of December 31, 2012.

Note 4. Detail Notes on all Funds (continued)

4-C. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance Jan. 1, 2012	Prior Period Adjustment	Balance Jan. 1, 2012 As restated	Additions Completions	Retirements/ Adjustments	Balance Dec. 31, 2012
Governmental Activities:						
Capital assets, not being depreciated						
Land	$ 8,000	$ -	$ 8,000	$ -	$ -	$ 8,000
Construction in progress	-	-	-	-	-	-
Total capital assets, not being depreciated	8,000	-	8,000	-	-	8,000
Capital assets, being depreciated						
Buildings and Improvements	179,978	-	179,978	12,069	-	192,047
Machinery and Equipment	182,889	18,862	201,751	17,330	-	219,081
Total capital assets being depreciated	362,867	18,862	381,729	29,399	-	411,128
Less accumulated depreciation for:						
Buildings and improvements	46,483	-	46,483	8,043	-	54,526
Machinery and equipment	159,687	4,702	164,389	22,324	-	186,713
Total accumulated depreciation	206,170	4,702	210,872	30,367	-	241,239
Total capital assets, being depreciated, net	156,697	14,160	170,857	(968)	-	169,889
Governmental capital assets, net	$ 164,697	$ 14,160	$ 178,857	$ (968)	$ -	$ 177,889

4-C. Capital Assets (continued)

	Balance Jan. 1, 2012	Additions Completions	Retirements/ Adjustments	Transfers	Balance Dec. 31, 2012
Business-type Activities:					
Capital assets, being depreciated					
Infrastructure	$ -	$ 25,280	$ -	$ 27,000	$ 52,280
Buildings and improvements	287,396	-	-		287,396
Machinery and equipment	58,829	-	-	(27,000)	31,829
Total capital assets being depreciated	346,225	25,280	-	-	371,505
Less accumulated depreciation for:					
Infrastructure	-	2,331	-	18,000	20,331
Buildings and improvements	232,670	7,185	-		239,855
Machinery and equipment	47,661	1,389	-	(18,000)	31,050
Total capital assets being depreciated	280,331	10,905	-	-	291,236
Total capital assets, being depreciated, net	65,894	14,375	-	-	80,269
Business-type capital assets, net	$ 65,894	$ 14,375	$ -	$ -	$ 80,269

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

Governmental Activities:	
General government	$ 9,865
Public Safety	16,578
Public Works	3,924
Total	$ 30,367
Business-type Activities:	
Water and Sewer	$ 10,905
Total	$ 10,905

4-D. Long-Term Obligations

General Fund:

Notes Payable

On September 10, 2010, The City of Oak Park entered into a loan agreement in the amount of $32,972 with BB&T Governmental Finance to finance the purchase of one (1) new 2010 Dodge Charger Police Vehicle. The interest rate is 3.500% compounding annually. Payments are made annually in the amount of $7,055.73. The loan is to be repaid over a four (4) year period with the final payment being due on September 10, 2014.

Notes Payable debt service requirements to maturity are as follows:

Year	Principal	Interest
2013	$ 6,587	$ 469
2014	6,817	239
Total	$ 13,404	$ 708

Business-Type Activities:

Bonds payable

The City of Oak Park has water and sewer revenues bonds. The interest rate is 5.00%. The proceeds of the bonds were used to construct a water system and facility. The bonds are being repaid on an annual basis. A water reserve bank account is in place and maintained to provide for the payment of principal and interest on the bonds when due. Annual debt service requirements are as follows.

Year	Principal	Interest
2014	$ 6,000	$ 2,200
2015	6,000	1,900
2016	6,000	1,600
2017	6,000	1,300
2018-2020	25,700	1,058
Total	$ 49,700	$ 8,058

4-D. Long-Term Obligations (continued)

Changes in Long-Term Debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loans Payable	$ 19,768	$ -	$ 6,364	$ 13,404	$ 6,587
	19,768	-	6,364	13,404	6,587
Business-type Activities:					
Bonds Payable	56,000	-	6,300	49,700	6,000
	56,000	-	6,300	49,700	6,000
Total Long-Term Debt	$ 75,768	$ -	$ 12,664	$ 63,104	$ 12,587

Note 5. Commitments and Contingencies

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Note 6. Expenditures Over Appropriations

Individual expenditures were approved by the City Council before the expenditure was made. Therefore all expenditures over appropriations were approved by the City Council.

Note 7. Net Deficit Balances

There were no deficit fund balances in the General Fund, or Proprietary Fund for net position.

Note 8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. The City maintains property, liability, automobile, and fidelity coverage.
There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for a current year or the three prior years.

The City is a member of the Workers Compensation Self Insurance Fund. The City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorney's 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 fund. The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs 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.

Note 9. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen county area district, is a member of the Heart of Georgia/Altamaha Regional Commission and is required to pay annual dues of $637. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission. The Commission membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-391 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

Heart of Georgia/Altamaha Regional Commission
501 Oak Street
Eastman, Georgia 31023

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered part of the basic financial statements. Such information includes:

Budgetary comparison - General Fund

CITY OF OAK PARK
Oak Park, Georgia

Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget to Actual

For the year ended December 31, 2012

	Budget		Actual	Variance with Final Budget - Over
	Original	Final	Amounts	(Under)
REVENUES				
Taxes	$ 76,700	$ 76,700	$ 95,261	$ 18,561
Licenses	6,000	6,000	5,280	(720)
Charges for services	10,000	10,000	3,570	(6,430)
Fines and forfeitures	170,000	170,000	195,425	25,425
Interest income	-	-	2,928	2,928
Other income	100	100	11,866	11,766
Total revenues	262,800	262,800	314,330	51,530
EXPENDITURES				
Current:				
General government	110,600	110,600	100,981	(9,619)
Public safety	140,700	140,700	228,979	88,279
Public works	6,000	6,000	2,320	(3,680)
Culture and recreation	5,500	5,500	1,656	(3,844)
Capital outlay	-	-	29,399	29,399
Debt Service	-	-	7,056	7,056
Transfers	-	-	-	-
Total expenditures	262,800	262,800	370,391	107,591
Change in fund balance	$ -	$ -	$ (56,061)	$ (56,061)
Fund balances at beginning of year			$ 248,479	
Fund balances at end of year			$ 192,418	

See auditor's report.

Member:
American Institute
Of CPA'S

Kendall L. Davis, P.C.

Georgia Society of CPA'S

CERTIFIED PUBLIC ACCOUNTANT
39 N. Tallahassee Street • Hazlehurst, Georgia 31539 • (912-375-6077 Fax: 912-375-6078).

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

Mayor and City Council
City of Oak Park
Oak Park, Georgia

I have audited the accompanying Schedule Purpose Local Option Sales Tax for the City of Oak Park for the year ended December 31, 2012. This schedule is the responsibility of the City of Oak Park's management. My responsibility is to express an opinion on the Schedule Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

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

In my opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Oak Park's resolution or ordinance calling for the tax for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

Kendall L Davis PC

Kendall L. Davis, P.C.
Certified Public Accountant

Hazlehurst, Georgia
December 2, 2013

CITY OF OAK PARK
Oak Park, Georgia

Schedule of Projects Constructed with Special Sales Tax Proceeds

For the Year Ended December 31, 2012

Project	Estimated Cost			Expenditures		
	Original	Current	Revised	Prior Years	Current Year	Total
2006 Sales Tax Agreement Water System Improvements	$ 50,000	$ 50,000	$ 53,090	$ 52,110	$ 8,742	$ 60,852

The SPLOST Schedule has been prepared on the full accrual basis of accounting.

See auditor's report.

CITY OF OAK PARK
Oak Park, Georgia

Schedule of Projects Constructed with Special Sales Tax Proceeds V

For the Year Ended December 31, 2012

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Water System Improvements	$ 50,000	$ 50,000	$ -	$ -	$ -
City Building Renovations - Fire	50,000	50,000	-	-	-
City Building Renovations - Community Center	40,000	40,000	-	-	-
Paving and Street Improvements	11,402	11,402	-	-	-
Total	$ 151,402	$ 151,402	$ -	$ -	$ -

The SPLOST Schedule has been prepared on the full accrual basis of accounting.

See auditor's report.

Member:
American Institute of CPA's
Georgia Society of CPA's

Kendall L. Davis, PC

Certified Public Accountant
80 S. Tallahassee St. * Hazlehurst, Georgia 31539 * (Ph 912-375-6077 Fax 912-375-6078)

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

Honorable Mayor and City Council
City of Oak Park
Oak Park, Georgia

I have audited the basic financial statements of the City of Oak Park as of and for the year ended December 31, 2012, and have issued my report thereon dated December 2, 2013. I conducted my 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

Management of the City of Oak Park is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the City of Oak Park's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Oak Park's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. I identified deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above, which are described in the accompanying Schedule of Findings and Responses.

Compliance and other matters

As a part of obtaining reasonable assurance about whether the City of Oak Park's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses.

The City of Oak Park will provide a corrective action plan for the findings identified in my audit and described in the accompanying Schedule of Findings and Responses.

This report is intended for the information and use of the management of the City of Oak Park, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

Kendall L Davis PC

Kendall L. Davis, PC
Certified Public Accountant

Hazlehurst, Georgia
December 2, 2013

City of Oak Park
Oak Park, Georgia

December 31, 2012

SCHEDULE OF FINDINGS AND RESPONSES

Section I – Summary of Auditor's Results:

Financial Statements

Type of report issued on the financial statements:	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

Section II – Financial Statement Findings:

The following conditions were disclosed for the year ended December 31, 2012:

2012-1 Expenditures over appropriations

The audit fieldwork disclosed that the City over-expended funds in the General Fund for Public Safety, capital outlay, and debt service. The City did not use adequate budgetary controls to ensure that actual expenses did not exceed budgeted expenses.

It is recommended that the City review a budget versus actual comparison of revenues and expenditures on a monthly basis to prevent expenditures being incurred in excess of budgeted amounts. Revised or amended budgets should be prepared and approved by the City Council as needed.

2012-2 The City lacks proper internal control procedures for all funds.

The audit fieldwork disclosed that the City of Oak Park's internal controls over assets, liabilities, revenues and expenses were inadequate. There was a lack of segregation of duties over revenues that the City of Oak Park received and the expenses that the City paid. The City Clerk was assigned the responsibility to collect revenues, prepare bank deposits, carry deposits to the bank, prepare checks, and mail checks. There appeared to be no oversight or segregation of duties.

The Police Department's procedures were not adequate concerning the receipting and depositing of fines revenue. There was an extensive amount of citations that could not be accounted for. The Police Department's deposits did not have adequate supporting documentation produced from the citation system.

The Police Department also lacked proper procedures for approving expenditures. Several expenditure reimbursements within the Department were not considered reasonable and necessary.

City of Oak Park
Oak Park, Georgia

December 31, 2012

SCHEDULE OF FINDINGS AND RESPONSES
(continued)

2012-2 The City lacks proper internal control procedures for all funds. (continued)

The effect of these conditions is that assets, liabilities, revenues, and expenses may not be properly accounted for and were subject to theft or misuse. Also, the effect of undeposited fines revenue increases the risk of theft and misuse of funds on a recurring basis.

It is recommended that the City segregate the duties of the collection of revenues from the accounting and deposit of revenues. One individual should not perform all of these duties. It is also recommended, even imperative, that the approving of invoices, preparation of checks, and the mailing of checks be delegated to more than one individual.

City of Oak Park
Oak Park, Georgia

December 31, 2012

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

2011-1 The City lacks proper internal control procedures for all funds.
See finding 2012-2.

2011-2 Expenditures over appropriations
See Finding 2012-1.

2011-3 Conflicts of Interest present with City Council and employees
This situation no longer exists.