TOWN OF OCHLOCKNEE, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2011

TOWN OF OCHLOCKNEE
Table of Contents
December 31, 2011

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statement:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Reconciliation of the Government funds Balance Sheet to the Government-wide Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Government Funds	6
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities and Changes in Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – GAAP Basis – General Fund	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – GAAP Basis – Hotel/Motel Tax Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – GAAP Basis – Cemetery Fund	10
Statement of Net Assets – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	12
Statement of Cash Flows –Proprietary Funds	13-14
Notes to Basic Financial Statements	15-29
OTHER FINANCIAL INFORMATION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	30-31
Schedule of Findings and Responses	32
Corrective Action Plan	33-34
Independent Auditor's Report on the Schedules of Special Purpose Local Option Sales Tax	35
Schedule of Special Purpose Local Option Sales Tax	36
Schedule of Special Purpose Local Option Sales Tax	37
Schedule of Special Purpose Local Option Sales Tax	38

TOWN OF OCHLOCKNEE
Table of Contents
December 31, 2011

	Page
Independent Auditor's Report on the Schedules of Source and Application of Funds and Schedule of Project Cost Application to Community Development Block Grants	39
Community Development Block Grant Source and Application of Funds Schedules 10-p-x-136-2-5307	40
Community Development Block Project Cost Schedule 10-p-x-136-2-5307	41

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Town Council
Town of Ochlocknee, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ochlocknee, Georgia as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Ochlocknee, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Ochlocknee, Georgia as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Hotel/Motel Tax Fund and the Cemetery Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Town of Ochlocknee, Georgia has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards,* we have issued our report datedJuly 30, 2012, on our consideration of the Town of Ochlocknee, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

July 30, 2012

BASIC FINANCIAL STATEMENTS

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 459,994	$ -	$ 459,994
Receivables (net of allowance for doubtful accounts):			
Taxes	9,867	-	9,867
Accounts	-	17,015	17,015
Intergovernmental receivable	13,873	443,853	457,726
Internal balances	-	-	-
Prepaid items	3,601	2,506	6,107
Capital assets:			
Land	22,927	-	22,927
Buildings	83,089	-	83,089
Improvements	125,633	-	125,633
Equipment	78,414	125,675	204,089
Infrastructure	-	1,942,343	1,942,343
Construction in progress	-	51,775	51,775
Accumulated depreciation	(165,235)	(1,260,883)	(1,426,118)
Total assets	632,163	1,322,284	1,954,447
Liabilities:			
Accounts payable	3,054	5,922	8,976
Accrued liabilities	376	-	376
Deferred revenue	-	443,853	443,853
Customer deposits		13,180	13,180
Compensated absences	3,291	-	3,291
Noncurrent liabilities:			
Due within one year	-	20,681	20,681
Due in more than one year	-	22,661	22,661
Compensated absences	7,679	-	7,679
Total liabilities	14,400	506,297	520,697
Net assets:			
Invested in capital assets, net of related debt	144,828	815,568	960,396
Unrestricted (deficit)	228,987	419	229,406
Restricted for:			
Capital projects	159,925	-	159,925
Perpetual care	76,607	-	76,607
Hotel/Motel Tax	7,416	-	7,416
Total net assets	$ 617,763	$ 815,987	$ 1,433,750

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2011

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and changes in Net Assets: Governmental Activities	Net (Expenses) Revenues and changes in Net Assets: Business-type Activities	Net (Expenses) Revenues and changes in Net Assets: Total
Governmental activities:							
General government	$ 86,941	$ 3,840	$ -	$ -	$ (83,101)	$ -	$ (83,101)
Public safety	43,734	-	-	-	(43,734)	-	(43,734)
Public works	56,843	700	350	43,405	(12,388)	-	(12,388)
Housing and development	1,546	-	1,657	-	111	-	111
Cultural and recreational	7,393	-	2,040	-	(5,353)	-	(5,353)
Total governmental activities	196,457	4,540	4,047	43,405	(144,465)	-	(144,465)
Business-type activities:							
Water and sewer	176,971	101,833	-	44,025	-	(31,113)	(31,113)
Sanitation	39,264	50,157	-	-	-	10,893	10,893
Total business-type activities	216,235	151,990	-	44,025	-	(20,220)	(20,220)
Total government	$ 412,692	$ 156,530	$ 4,047	$ 87,430	$ (144,465)	$ (20,220)	$ (164,685)
General revenues:							
Taxes:							
Property taxes					$ 61,486	$ -	$ 61,486
Sales taxes					46,957	-	46,957
Other taxes					33,091	-	33,091
Franchise fees					25,799	-	25,799
Investment earnings					1,894	-	1,894
Miscellaneous					6,305	7,291	13,596
Transfers					(10,723)	10,723	-
Total general revenues and transfers					164,809	18,014	182,823
Change in net assets					20,344	(2,206)	18,138
Net assets - beginning					597,419	818,193	1,415,612
Net assets - ending					$ 617,763	$ 815,987	$ 1,433,750

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Assets:					
Cash	$ 221,817	$ 154,425	$ 6,986	$ 76,766	$ 459,994
Receivables:					
Taxes	9,867	-	-	-	9,867
Accounts	-	-	-	-	-
Interfund balances	159	-	-	(159)	-
Intergovernmental receivables	7,943	5,500	430	-	13,873
Prepaid items	3,601	-	-	-	3,601
Total assets	$ 243,387	$ 159,925	$ 7,416	$ 76,607	$ 487,335
Liabilities and fund balances:					
Liabilities:					
Accounts payable	$ 3,054	$ -	$ -	$ -	$ 3,054
Accrued liabilities	376	-	-	-	376
Deferred revenues	5,426	-	-	-	5,426
Total liabilities	8,856	-	-	-	8,856
Fund balances:					
Nonspendable:					
Prepaid items	3,601	-	-	-	3,601
Restricted for:					
Promotion of tourism	-	-	7,416	-	7,416
Capital projects funds	-	159,925	-	-	159,925
Perpetual care	-	-	-	76,607	76,607
Unassigned	230,930	-	-	-	230,930
Total fund balances	234,531	159,925	7,416	76,607	478,479
Total liabilities and fund balances	$ 243,387	$ 159,925	$ 7,416	$ 76,607	$ 487,335

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Government - Wide Statement of Net Assets
Year Ended December 31, 2011

Total fund balances - total governmental funds		$ 478,479
Amounts reported for Governmental Activities in the Statement of Net Assets 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	$ 310,063	
Less accumulated depreciation	(165,235)	144,828
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Town's year end.		5,426
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(10,970)
Net assets of governmental activities		$ 617,763

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2011

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Revenues:					
General property taxes	$ 87,754	$ -	$ -	$ -	$ 87,754
Sales and use taxes	46,957	-	-	-	46,957
Other taxes	33,091	-	-	-	33,091
Licenses and permits	3,600	-	-	-	3,600
Intergovernmental revenues	-	42,105	1,657	-	43,762
Charges for services	240	-	-	700	940
Interest income	1,180	1,300	25	689	3,194
Contributions and donations	2,040	-	-	350	2,390
Miscellaneous revenues	6,305	-	-	-	6,305
Total revenues	181,167	43,405	1,682	1,739	227,993
Expenditures:					
Current:					
General government	87,188	-	-	-	87,188
Public safety	42,917	-	-	-	42,917
Public works	42,389	1,927	-	3,214	47,530
Housing and development	-	-	1,546	-	1,546
Culture and recreation	3,722	-	-	-	3,722
Capital outlay	-	-	-	-	-
Debt service	6,139	-	-	-	6,139
Total expenditures	182,355	1,927	1,546	3,214	189,042
Excess (deficiency) of revenues over expenditures	(1,188)	41,478	136	(1,475)	38,951
Other Financing Sources (Uses):					
Transfers in	17,983	-	-	-	17,983
Transfers out	(9,682)	(19,024)	-	-	(28,706)
Total other financing sources (uses)	8,301	(19,024)	-	-	(10,723)
Net change in fund balances	7,113	22,454	136	(1,475)	28,228
Fund balances - beginning	227,418	137,471	7,280	78,082	450,251
Fund balances - ending	$ 234,531	$ 159,925	$ 7,416	$ 76,607	$ 478,479

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

Year Ended December 31, 2011

Net change in fund balances - total government funds		$ 28,228
Amounts reported for governmental activities in the Statement of Activities are different because:		
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.		(12,984)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		6,139
Because some property taxes will not be collected for several months after the Town's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Deferred taxes 12/31/11	$ 5,426	
Deferred taxes 12/31/10	5,895	(469)
Compensated absences 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.		
Liability @ 12/31/10	$ 10,400	
Liability @ 12/31/11	10,970	(570)
Change in net assets of governmental activities		$ 20,344

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
GAAP Basis
Year Ended December 31, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 85,916	$ 95,684	$ 87,754	$ (7,930)
Sales and use taxes	45,000	48,245	46,957	(1,288)
Other taxes	32,568	34,213	33,091	(1,122)
Licenses and permits	4,400	4,048	3,600	(448)
Intergovernmental revenues	-	-	-	-
Charges for services	-	300	240	(60)
Interest income	1,500	-	1,180	1,180
Contributions and donations	-	-	2,040	2,040
Miscellaneous revenues	7,000	15,057	6,305	(8,752)
Carryover of funds	(9,594)	15,332	-	(15,332)
Total revenues	166,790	212,879	181,167	(31,712)
Expenditures:				
Current:				
General government	98,500	108,406	87,188	(21,218)
Public safety	43,370	49,127	42,917	(6,210)
Public works	48,323	53,616	42,389	(11,227)
Culture and recreation	1,500	5,067	3,722	(1,345)
Debt service	-	6,200	6,139	(61)
Total expenditures	191,693	222,416	182,355	(40,061)
Excess (deficiency) of revenues over expenditures	(24,903)	(9,537)	(1,188)	8,349
Other financing sources (uses):				
Transfers in	24,903	9,537	17,983	8,446
Transfers out	-	-	(9,682)	(9,682)
Total other financing sources (uses)	24,903	9,537	8,301	(1,236)
Excess (deficiency) of revenues and other financing and other uses	-	-	7,113	7,113
Fund balances - beginning	227,418	227,418	227,418	-
Fund balances - ending	$ 227,418	$ 227,418	$ 234,531	$ 7,113

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Hotel/Motel Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental revenues	$ 1,900	$ 2,000	$ 1,657	$ (343)
Interest income	38	40	25	(15)
Total revenues	1,938	2,040	1,682	(358)
Expenditures:				
Current:				
Housing and development	1,530	2,040	1,546	(494)
Total expenditures	1,530	2,040	1,546	(494)
Excess (deficiency) of revenues over expenditures	408	-	136	136
Fund balances - beginning	7,280	7,280	7,280	-
Fund balances - ending	$ 7,688	$ 7,280	$ 7,416	$ 136

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Cemetery Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
GAAP Basis
Year Ended December 31, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Charges for services	$ 1,900	$ 1,900	$ 700	$ (1,200)
Interest income	1,100	1,100	689	(411)
Contributions and donations	2,100	2,100	350	-
Total revenues	5,100	5,100	1,739	(1,611)
Expenditures:				
Current:				
Public works	5,100	5,100	3,214	(1,886)
Total expenditures	5,100	5,100	3,214	(1,886)
Excess (deficiency) of revenues over expenditures	-	-	(1,475)	(1,475)
Fund balances - beginning	78,082	78,082	78,082	-
Fund balances - ending	$ 78,082	$ 78,082	$ 76,607	$ (1,475)

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Water & Sewer	Sanitation	Totals
Assets:			
Current assets:			
Receivables (net where applicable of allowance for doubtful accounts):			
Accounts	$ 10,984	$ 6,031	$ 17,015
Intergovernmental	443,853	-	443,853
Prepaid items	1,570	936	2,506
Total current assets	456,407	6,967	463,374
Noncurrent assets:			
Capital assets:			
Equipment	25,724	99,951	125,675
Infrastructure	1,942,343	-	1,942,343
Constuction in progress	51,775	-	51,775
Accumulated depreciation	(1,195,720)	(65,163)	(1,260,883)
Total capital assets, net of accumulated depreciation	824,122	34,788	858,910
Total assets	$ 1,280,529	$ 41,755	$ 1,322,284
Liabilities:			
Current liabilities:			
Accounts payable	$ 5,101	$ 821	$ 5,922
Notes payable	2,559	18,122	20,681
Deferred revenue	443,853	-	443,853
Customer deposits	13,180	-	13,180
Total current liabilities	464,693	18,943	483,636
Noncurrent liabilities:			
Notes payable	22,661	-	22,661
Total liabilities	$ 487,354	$ 18,943	$ 506,297
Net Assets:			
Invested in capital assets, net of related debt	$ 798,902	$ 16,666	$ 815,568
Unrestricted (deficiency)	(5,727)	6,146	419
Total net assets	$ 793,175	$ 22,812	$ 815,987

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2011

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Operating revenues:			
Charges for services - water	$ 55,249	$ -	$ 55,249
Charges for services - sewer	46,584	-	46,584
Charges for services - sanitation	-	50,158	50,158
Miscellaneous	7,291	-	7,291
Total operating revenues	109,124	50,158	159,282
Operating expenses:			
Personal services	17,366	6,895	24,261
Purchased/contracted services	46,591	15,930	62,521
Supplies	35,092	3,301	38,393
Depreciation	76,649	11,928	88,577
Total operating expenses	175,698	38,054	213,752
Income (loss) from operations	(66,574)	12,104	(54,470)
Non-operating revenues (expenses):			
Intergovernmental revenues	44,025	-	44,025
Interest expense	(1,273)	(1,211)	(2,484)
Total non-operating revenues (expenses)	42,752	(1,211)	(2,484)
Income (loss) before transfers	(23,822)	10,893	(56,954)
Transfer from other funds	28,706	-	28,706
Transfer to other funds	(12,102)	(5,881)	(17,983)
Change in net assets	(7,218)	5,012	(2,206)
Net assets - beginning	800,393	17,800	818,193
Net assets - ending	$ 793,175	$ 22,812	$ 815,987

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	$ 108,190	$ 49,444	157,634
Other operating cash receipts	-	-	-
Cash payments to suppliers for goods and services	(86,704)	(19,075)	(105,779)
Cash payments to employees for services	(15,353)	(5,933)	(21,286)
Net cash provided (used) by operating activities	6,133	24,436	30,569
Cash flows from noncapital financing activities:			
Transfers from other funds	9,682	-	9,682
Transfers to other funds	(12,102)	(5,881)	(17,983)
Net cash provided (used) by noncapital financing activities	(2,420)	(5,881)	(8,301)
Cash flows from capital and related financing activities:			
Acquistion of capital assets	(63,049)	-	(63,049)
Intergovernmental revenue	44,025	-	44,025
Transfers from other funds	19,024	-	19,024
Interest paid on notes	(1,273)	(1,211)	(2,484)
Loan payments	(2,440)	(17,344)	(19,784)
Net cash provided (used) by capital and related financing activities:	(3,713)	(18,555)	(22,268)
Net increase (decrease) in cash and cash investments	-	-	-
Cash and cash investments, January 1	-	-	-
Cash and cash investments, December 31	$ -	$ -	$ -

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Income (loss) from operations	$ (66,574)	$ 12,104	$ (54,470)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation and amortization	76,649	11,928	88,577
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(884)	(714)	(1,598)
(Increase) decrease in intergovernmental receivable	(443,853)	-	(443,853)
(Increase) decrease in prepaid items	1,454	804	2,258
Increase (decrease) in accounts payable	(4,462)	314	(4,148)
Increase (decrease) in deferred revenue	443,853	-	443,853
Increase (decrease) in customer deposits payable	(50)	-	(50)
Net cash provided (used) by operating activities	$ 6,133	$ 24,436	$ 30,569

See accompanying notes to basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Town of Ochlocknee, (the "Town") was incorporated in 1907. The Town operates under a council/mayor form of government and provides the following services: public safety, highways and streets, recreation, public improvements and general and administrative services. In addition, the Town operates a public water & sewer system and sanitation service for the incorporated and immediate surrounding areas.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Town has elected to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Ochlocknee has no component units.

Related organizations

The following is a list of related organizations for which the Town of Ochlocknee appoints one or more of the Board of Directors:

- Southwest Georgia Regional Commission

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Joint ventures

The Town of Ochlocknee, in conjunction with forty-four cities or counties in the South Georgia area are members of the Southwest Georgia Regional Commission (SWGRC). Membership in a Regional Commission (RC) is automatic of each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1).

Separately issued financial statements of the Southwest Georgia Regional Commission are available at their administrative offices, 301 West Broad St., Camilla, Georgia, or by telephone at 229-522-3552.

C. Basis of Presentation

The government-wide financial statements (the statement of net asset and the statement of changes in net assets) report information on all of the activities of the Town. The effect of Interfund activity, within the governmental and business-type activities columns, 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.

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

Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following major governmental funds:

General Fund –

General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SPLOST Fund –

This fund accounts for the special purpose local option sales tax that is to be used for roads, streets, bridges and other capital purposes.

Hotel/Motel Tax Fund –

This fund is used to account for tax received from Thomas County, Georgia. The purpose of the tax is to provide resources to promote tourism.

Cemetery Fund –

This fund is used to account for the accumulation of resources to be used to assure the continued maintenance of the Town's Cemetery. Funds are contributed by owners of the cemetery plots to assure the maintenance of the cemetery in the future.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Town has presented the following major proprietary funds:

Water and Sewer Fund –

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Sanitation Fund –

Sanitation Fund is used to account for the Town's sanitation operation (garbage and trash collection), which is financed through user charges. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

- Committed
- Assigned
- Unassigned

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgets

All budgets, except for the enterprise funds, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Hotel/Motel Tax Fund, Cemetery Fund and the enterprise funds. Amounts presented for the General Fund are as amended by the Town Council. All annual appropriations lapse at year end. A project length budget was adopted for the capital projects fund.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. Cash and Investments

Cash includes amounts in demand deposits, passbook savings as well as certificates of deposits with a maturity date of three months or less. Cash equivalents are short term, highly liquid investments that can be converted to known amounts of cash.

The Town's cash and investment policy limits deposits to demand and money market accounts, and time deposits at local banks. The Town's deposits shall be secured by Federal Depository Insurance Corporation (FDIC) coverage and/or bank pledges. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities, pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

The Town's investing is limited to investments complying with state statues. These investments are limited to obligations of states, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, obligations of any corporation of the U.S. government, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

G. Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent year, and the reserve for prepaid items has been recorded to signify that a portion of the fund balance is not available for other subsequent expenditures.

H. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The Town does not record inventories of supplies on the books. Any inventory of supplies at December 31, 2011 is considered immaterial.

I. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

J. Transactions Between Funds

Legally authorized transfers are treated as Interfund transfers and are included in the results of operations of both governmental and proprietary funds.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

K. Capital Assets

Capital assets which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets are capitalized and the estimated useful lives are as follows:

	Life – Years	Threshold
Buildings	15-40	$ 15,000
Equipment	5-10	5,000
Autos, trucks and buses	3-12	5,000
System Infrastructure	20-40	150,000
Public domain infrastructure	20-50	150,000
Improvements	7-15	5,000

L. Compensated Absences

The Town's policy allows employees to accumulated earned but unused vacation and sick pay benefits. All vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the 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.

N. Nature and Purpose of Reservations and Designations of Fund Equity

The fund equity reserves for prepaid items.

Designations of fund equity are not legally required segregations but are segregated for a specific purpose. As of December 31, 2011 the Town does not have any designations of fund equity.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

O. Government-wide and Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets – consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net assets are reported in this category.

P. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

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

Restricted – Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Town Council.

Assigned – Amounts that are designated by the Town Council for a particular purpose.

Unassigned – All amounts not included in other spendable classifications.

Q. 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.

(2) – LEGAL COMPLIANCE – BUDGETS

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least four months prior to year end, the Town Clerk and department heads start working on the proposed operating budget for the forthcoming year.

(2) – LEGAL COMPLIANCE – BUDGETS (CONT.)

2. Sixty days prior to year end, the Town Clerk submits to the Town Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted to obtain taxpayer comments.

4. As close to year end as possible, usually 30 days prior to year end, the budget is legally adopted by the Town Council and made a part of the Town's minutes.

5. Any changes to the Town's budget must be approved by the Town Council. The Town Council approves all expenditures each month, regardless of amount.

6. All appropriations lapse at year end.

7. Budget amendments, as needed, are proposed by the Town Clerk and approved by the Town Council.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

Excess of Expenditures over Appropriations

For the year ended December 31, 2011, expenditures did not exceed appropriations.

(3) – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a deposit policy for custodial credit risk (Note 1F). As of December 31, 2011, all of the Town's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or collateral pledged by the financial institution or a combination of the two.

As of December 31, 2011 all of the Town's deposits were covered either by FDIC coverage or collateralized by the financial institutions or a combination of the two. At year end, the bank balance was $437,592 and the carry amount of the Town's deposits was $459,994.

Investments – As of December 31, 2011 the Town had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2011 for the Town's individual major funds are as follows:

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Water & Sewer Fund	Sanitation Fund	Total
Receivables:						
Taxes	$ 9,867	$ -	$ -	$ -	$ -	$ 9,867
Accounts	-	-	-	11,184	6,031	17,215
Intergovernmental	7,943	5,500	430	443,853	-	457,726
Gross receivables	17,810	5,500	430	455,037	6,031	484,808
Less: Allowance for doubtful accounts	-	-	-	200	-	200
Net total receivables	$ 17,810	$ 5,500	$ 430	$ 454,837	$ 6,031	$ 484,608

Property taxes are levied as of September 13th on property values assessed as of January 1st. The bills were mailed on October 1st and are considered due upon receipt by the taxpayer; however, the actual due date is December 20th. After this date, the bill becomes delinquent and penalties and interest may be assessed.

(5) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Adjusted Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental Activities:				
Capital assets not being depreciated				
Land - under the road	$ 6,927	$ -	$ -	$ 6,927
Land	16,000	-	-	16,000
Total capital assets not being depreciated	22,927	-	-	22,927
Capital assets, being depreciated				
Buildings and improvements	208,722	-	-	208,722
Machinery & equipment	78,414	-	-	78,414
Total capital assets being depreciated	287,136	-	-	287,136
Less accumulated depreciation for:				
Buildings and improvements	83,426	10,297	-	93,723
Equipment	68,825	2,687	-	71,512
Total accumulated depreciation	152,251	12,984	-	165,235
Total capital assets, being depreciated, net	134,885	(12,984)	-	121,901
Governmental activities capital assets, net	$ 157,812	$ (12,984)	$ -	$ 144,828
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	$ -	$ 51,775	$ -	$ 51,775
Total capital assets not being depreciated	-	51,775	-	51,775
Capital assets being depreciated				
Infrastructure	$ 1,942,343	$ -	$ -	$ 1,942,343
Equipment	114,401	11,274	-	125,675
Total capital assets, being depreciated	2,056,744	11,274	-	2,068,018
Less accumulated depreciation for:				
Infrastructure	1,105,867	74,487	-	1,180,354
Equipment	66,439	14,090	-	80,529
Total accumulated depreciation	1,172,306	88,577	-	1,260,883
Total capital assets being depreciated, net	884,438	(77,303)	-	807,135
Business-type activities capital assets, net	$ 884,438	$ (25,528)	$ -	$ 858,910

(5) – CAPITAL ASSETS (CONT.)

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

Governmental activities:	
Public works	$ 9,313
Culture and recreation	3,671
Total depreciation expense - Governmental activities	$ 12,984
Business-type activities:	
Water and sewer	$ 76,650
Sanitation	11,927
Total depreciation expense - Business-type activities	$ 88,577

(6) – LONG-TERM DEBT

At December 31, 2011, the Town had the following notes payable:

	Business-Type Activities
Note payable to Georgia Environmental Facilities Authority, interest at 4.76%, quarterly payments of $929 including interest. The note proceeds were used for a sewer project. The note was issued on April 1, 2000 for $47,743 and it matures on April 1, 2020.	$ 25,220

Annual debt service requirements to this note payable as of December 31, 2011 follow:

Year	Principal	Interest	Total
2012	2,559	1,155	3,714
2013	2,683	1,031	3,714
2014	2,813	901	3,714
2015	2,949	765	3,714
2016	3,092	622	3,714
2017-2020	11,124	980	12,104
Totals	$ 25,220	$ 5,454	$ 30,674

Note payable to Georgia Municipal Association, Inc., interest at 4.39%, monthly payments of $1,546.26 including interest. The note proceeds were used to purchase a new garbage truck. The note was issued on November 27, 2007 for $82,992.20 and it matures on December 15, 2012.	$ 18,122

Annual debt service requirements to this note payable as of December 31, 2011 follow:

Year	Principal	Interest	Total
2012	18,122	434	18,556
Totals	$ 18,122	$ 434	$ 18,556

(6) – LONG-TERM DEBT (CONT.)

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended December 31, 2011:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Compensated absences	$ 10,400	$ 570	$ -	$ 10,970	$ 3,291
Note payable - Sheffield Financial	6,139	-	6,139	-	-
Total for governmental activities	16,539	570	6,139	10,970	3,291
Business-Type Activities:					
Note payable - Georgia Environmental Facilities Authority	27,660	-	2,440	25,220	2,559
Note payable - Georgia Municipal Association, Inc.	35,466	-	17,344	18,122	18,122
Total for business-type activities	63,126	-	19,784	43,342	20,681
Total government	$ 79,665	$ 570	$ 25,923	$ 54,312	$ 23,972

The compensated absences liability will be paid from the fund which the employees' salaries are paid, normally the General Fund.

(7) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables, and transfers for the year ended December 31, 2011 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ 159	$ -	$ 17,983	$ 9,682
SPLOST Fund	-	-	-	19,024
Cemetery Fund	-	159	-	-
Water & Sewer Fund	-	-	28,706	12,102
Sanitation Fund	-	-	-	5,881
Totals	$ 159	$ 159	$ 46,689	$ 46,689

The Town transferred money between the funds as needed to finance various programs accounted for in each of the funds.

(8) – FUND BALANCES/RETAINED EARNINGS RESERVES

The following is a summary of the fund balances for the governmental funds at December 31, 2011:

Nonspendable:		
Prepaid items - This is prepaid insurance in the general fund	$	3,601
Restricted for construction of capital assets - This is net assets restricted by state law as follows:		
SPLOST Fund - Restricted by state law and Thomas County		159,925
Restricted for promotion of tourism:		
Hotel/Motel Tax Fund - Restricted by state law		7,416
Restricted for perpetual care:		
Cemetery Fund - Restricted by donors		76,607
Unassigned:		
This is the amount assigned in the general fund		230,930
Total fund balance	$	478,479

(9) – RISK MANAGEMENT

The Town 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. The Town has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the Town is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 or loss. The Town is also to allow the pools' agents and attorneys to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town 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's contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

(9) – RISK MANAGEMENT (CONT.)

The Town has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The Town is not aware of any claims which the Town is liable for (up to the applicable deductible) which were outstanding and unpaid at December 31, 2011. No provisions have been made in the financial statements for the year ended December 31, 2011 for any estimate of potential unpaid claims.

The Town carries a combined property, casualty, and crime coverage with the Georgia Interlocal Risk Management Agency (GIRMA).

Coverage's are as follows:

Coverage description –property:	
Building and contents	$ 1,322,116
Mobile equipment	19,874
Boiler & machinery	1,322,116
Automobile physical damage	No coverage
Coverage description – casualty:	
General liability	$ 1,000,000
Law enforcement liability	1,000,000
Automobile liability	1,000,000
Errors and omissions (Public officials) liability	1,000,000
Employee benefits liability	1,000,000
Coverage description – crime:	
Blanket bond/employee dishonesty	500,000
Depositors forgery	500,000
Money and securities – loss inside and outside premises	500,000
Deductible:	
General liability	0
Law enforcement liability	0
Automobile liability	0
Errors and omissions (Public officials) liability	0
Employee benefits liability	0
Property	1,000
Mobile equipment	1,000
Boiler & machinery	1,000
Automobile physical damage	1,000
Crime	1,000
Coverage's subject to a retroactive date:	
(Unless stated otherwise in the coverage exceptions)	
Public officials liability	9/1/1988
Employee benefits liability	9/1/1988

(9) – RISK MANAGEMENT (CONT.)

Coverage is subject to all terms, conditions and internal limits as specified in the GIRMA member coverage agreement.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the Town's insurance coverage during the past three years.

(10) – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Town has stated that it is not involved in any lawsuit that will have a material effect on the financial condition of the Town.

(11) – EMPLOYEE RETIREMENT SYSTEM

The Town does not provide any retirement, pension, or profit sharing plan for its employees.

(12) – HOTEL/MOTEL LODGING TAX

Pursuant to an ordinance on June 27, 2005, January 1, 2006 Thomas County began levying a 5% lodging tax in accordance with O.C.G.A. 48-13-51 and expends 50% of the hotel/motel tax collections for the purpose of promoting tourism.

Thomas County paid the Town of Ochlocknee $1,657 from their Hotel/Motel Tax Fund in 2011. The Town spent $1,546 of this money towards promotion of tourism for the Town of Ochlocknee in 2011.

(13) – DEFICIT RETAINED EARNINGS

At December 31, 2011 the Town's Water & Sewer Fund had a deficit retained earnings of $5,727.

(14) – NEW GASB STANDARDS

In 2011, the Town of Ochlocknee, Georgia implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This standard is designed to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying the existing governmental fund type definitions.

OTHER FINANCIAL INFORMATION

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

Honorable Mayor and Members
of the Town Council
Town of Ochlocknee, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ochlocknee, Georgia, as of and for the year ended December 31, 2011, which collectively comprise the Town of Ochlocknee, Georgia's basic financial statements and have issued our report thereon dated July 30, 2012. 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

Management of the Town of Ochlocknee, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Ochlocknee'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 Town of Ochlocknee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Ochlocknee'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. 97-1. 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 Town of Ochlocknee, 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.*

Town of Ochlocknee, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Town of Ochlocknee, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town Council, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

July 30, 2012

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2011

Prior year's findings and responses:

97-1

Condition – The Town has a deficiency in its control structure due to a lack of segregation of duties.

Effect – The Town Clerk performs many of the accounting functions which gives her the ability to control the financial records and reports.

Recommendation – The Mayor and Town Council should closely monitor and approve the monthly financial activity.

Status – Our test determined that this condition still exists.

Views of responsible officials and planned corrective actions – The Town's management concurs with the finding. The Mayor and Town Council will continue to closely monitor and approve the monthly financial activity.

Current year findings and responses considered to be material weaknesses:

None noted.

TOWN OF OCHLOCKNEE

P.O. BOX 56
OCHLOCKNEE, GEORGIA 31773
TELEPHONE 229-574-5188

July 30, 2012

Mr. Ed Blaha
Department of Audits and Accounts
270 Washington Street, SW
Room 1-156
Atlanta, Ga. 30334-8400

Re: Town of Ochlocknee
Year Ending December 31, 2011
Corrective Action Plan Revision

Dear Mr. Blaha:

Enclosed is the Town of Ochlocknee's corrective action plan as required by Section 36-81-7 of the Official Code of Georgia Annotated. After reviewing this plan, I trust that you will find that it is in compliance with the above code. Please notify us of your decision.

Sincerely,

Ronelle Searcy

Ronelle Searcy
Mayor

TOWN OF OCHLOCKNEE, GEORGIA
Corrective Action Plan
For The Year Ended December 31, 2011

Finding/Recommendation:

The Town does not have segregation of duties within its accounting system. The Mayor and the Town Council should continue to stay involved with the financial affairs of the Town.

Corrective Action Plan/Management Response:

We concur with this recommendation. The Town cannot establish appropriate segregation of duties because it is not cost effective. The Mayor and Town Council approves all invoices and reviews the monthly financial statements. This level of involvement with the financial affairs of the Town by the Mayor and Council helps to overcome the weakness of no segregation of duties. We believe that this allows the Town to comply with the audit recommendation.

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
220 E. JACKSON ST.
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THOMASVILLE, GEORGIA 31799

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MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members
of the Town Council
Town of Ochlocknee, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the Town of Ochlocknee, Georgia for the year ended December 31, 2011. These schedulesare the responsibility of the Town of Ochlocknee, Georgia's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules 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 Schedules 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 Schedules of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the Schedules 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 of the Town of Ochlocknee for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

July 30, 2012

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Year Ended December 31, 2011

	Original Estimated Cost	Expenditures		Total
		Prior Years	Current Year	
Miscellaneous road projects	$ 115,000	$ 122,650	$ -	$ 122,650
Sewer system repairs	-	-	-	-
Water system repairs	-	-	-	-
Totals	$ 115,000	$ 122,650	$ -	$ 122,650

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Year Ended December 31, 2011

	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total
Capital Projects:				
Water system	$ 53,250	$ 16,613	$ 14,024	$ 30,637
Sewer system	53,250	21,537	5,000	26,537
Streets	53,250	5,163	1,927	7,090
Public safety	53,250	-	-	-
Totals	$ 213,000	$ 43,313	$ 20,951	$ 64,264

Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2011 was $42,105.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax - Thomas County
Year Ended December 31, 2011

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreation Projects	$ 11,500	$ 10,501	$ -	$ 10,501

SIMMONS, MILLS & SIMMONS P.C.

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULES OF SOURCE AND APPLICATION OF FUNDS AND SCHEDULE OF PROJECT COST APPLICABLE TO COMMUNITY DEVELOPMENT BLOCK GRANTS

We have audited the accompanying Schedules of Source and Application of Funds and Schedules of Project Costs as of December 31, 2011 and for the year then ended. These financial statements are the responsibility of the Town of Ochlocknee, Georgia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly the disposition and status of the Town of Ochlocknee, Georgia's Community Development Grant funds at December 31, 2011 for the year then ended in conformity with applicable financial reporting provisions of governmental regulations and accounting principles generally accepted in the United States of America.

This report covers Community Development Block Grant Number 10p-x-136-2-5307.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

July 30, 2012

TOWN OF OCHLOCKNEE, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
10p-x-136-2-5307
Year Ended December 31, 2011

Total grant	$	487,878
Less: Total funds drawn by recipient		44,025
Funds still available for grant resources	$	443,853
Cash on hand (overdraft), January 1, 2011	$	-
Total grant funds drawn and received by recipient during 2011		44,025
Less: Funds applied and expended to grant costs during 2011		44,025
Total program funds held by recipient at December 31, 2011	$	-

TOWN OF OCHLOCKNEE, GEORGIA
Community Development Block Grant
Project Cost Schedule
10p-x-136-2-5307
Year Ended December 31, 2011

Program Activity	Activity Number	Approved Budget CDBG Funds	Accumulated Expenditures To Date CDBG Funds	Accumulated Expenditures To Date Other Funds	Grant Total Expenditures To Date	Questioned Costs
Contingencies - unprogramed funds	C-022-00	$ 41,690	$ -	$ -	$ -	$ -
Engineering - water improvements	T-03J-00	35,028	31,025	7,750	38,775	-
Water facilities	P-03J-01	381,900	-	-	-	
Administration	A-21A-00	29,260	13,000	-	13,000	-
Totals		$ 487,878	$ 44,025	$ 7,750	$ 51,775	$ -