TOWN OF OCHLOCKNEE, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2013

TOWN OF OCHLOCKNEE
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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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, 2013 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Ochlocknee, Georgia, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Town of Ochlocknee, Georgia has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has required to be presented to supplement the basic financial statements. Such missing information, although not required to be part of, the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, September 19, 2014, 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* in considering the Town of Ochlocknee, Georgia's internal control over financial reporting and compliance.

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

Simmons, Mills & Simmons P.C.

September 19, 2014

BASIC FINANCIAL STATEMENTS

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Net Position
December 31, 2013

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 569,182	$ 10	$ 569,192
Receivables (net of allowance for doubtful accounts):			
Taxes	14,242	-	14,242
Accounts	-	14,729	14,729
Intergovernmental receivable	19,739	-	19,739
Internal balances	-	-	-
Prepaid items	2,565	2,326	4,891
Capital assets:			
Land	22,927	-	22,927
Buildings	83,089	-	83,089
Improvements	140,443	-	140,443
Equipment	98,804	125,675	224,479
Infrastructure	-	2,468,909	2,468,909
Construction in progress	-	-	-
Accumulated depreciation	(195,021)	(1,440,592)	(1,635,613)
Total assets	755,970	1,171,057	1,927,027
Liabilities:			
Accounts payable	4,579	7,358	11,937
Accrued liabilities	4,307	-	4,307
Unearned revenue	-	-	-
Other payable	-	10	10
Customer deposits		12,675	12,675
Compensated absences	3,537	-	3,537
Noncurrent liabilities:			
Due within one year	-	2,813	2,813
Due in more than one year	-	17,164	17,164
Compensated absences	8,253	-	8,253
Total liabilities	20,676	40,020	60,696
Net position:			
Net investment in capital assets	150,242	1,134,015	1,284,257
Unrestricted (deficit)	211,687	(2,978)	208,709
Restricted for:			
Capital projects	285,866	-	285,866
Perpetual care	76,735	-	76,735
Hotel/Motel Tax	10,764	-	10,764
Total net position	$ 735,294	$ 1,131,037	$ 1,866,331

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2013

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 Position: Governmental Activities	Net (Expenses) Revenues and changes in Net Position: Business-type Activities	Net (Expenses) Revenues and changes in Net Position: Total
Governmental activities:							
General government	$ 95,809	$ 4,264	$ -	$ -	$ (91,545)	$ -	$ (91,545)
Public safety	46,909	-	-	-	(46,909)	-	(46,909)
Public works	64,180	2,400	750	86,309	25,279	-	25,279
Housing and development	-	-	2,072	-	2,072	-	2,072
Cultural and recreational	12,196	-	2,100	-	(10,096)	-	(10,096)
Total governmental activities	219,094	6,664	4,922	86,309	(121,199)	-	(121,199)
Business-type activities:							
Water and sewer	186,481	100,151	-	122,000	-	35,670	35,670
Sanitation	38,014	48,486	-	-	-	10,472	10,472
Total business-type activities	224,495	148,637	-	122,000	-	46,142	46,142
Total government	$ 443,589	$ 155,301	$ 4,922	$ 208,309	$ (121,199)	$ 46,142	$ (75,057)
General revenues:							
Taxes:							
Property taxes					$ 70,486	$ -	$ 70,486
Sales taxes					43,159	-	43,159
Other taxes					35,999	-	35,999
Franchise fees					24,943	-	24,943
Investment earnings					602	-	602
Miscellaneous					3,416	8,580	11,996
Transfers					23,156	(23,156)	-
Total general revenues and transfers					201,761	(14,576)	187,185
Change in net position					80,562	31,566	112,128
Net position - beginning					654,732	1,099,471	1,754,203
Net position - ending					$ 735,294	$ 1,131,037	$ 1,866,331

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Assets:					
Cash	$ 210,963	$ 270,743	$ 10,191	$ 77,285	$ 569,182
Receivables (net where applicable of allowance for doubtful accounts):					
Taxes	14,242	-	-	-	14,242
Accounts	-	-	-	-	-
Interfund receivable	550	112	-	-	662
Intergovernmental receivables	4,155	15,011	573	-	19,739
Prepaid items	2,565	-	-	-	2,565
Total assets	$ 232,475	$ 285,866	$ 10,764	$ 77,285	$ 606,390
Liabilities, deferred inflows and fund balances:					
Liabilities:					
Accounts payable	$ 4,579	$ -	$ -	$ -	$ 4,579
Interfund payables	112	-	-	550	662
Accrued liabilities	4,307	-	-	-	4,307
Total liabilities	8,998	-	-	550	9,548
Deferred inflows - property taxes	6,945	-	-	-	6,945
Fund balances:					
Nonspendable:					
Prepaid items	2,565	-	-	-	2,565
Restricted for:					
Promotion of tourism	-	-	10,764	-	10,764
Capital projects funds	-	285,866	-	-	285,866
Perpetual care	-	-	-	76,735	76,735
Unassigned	213,967	-	-	-	213,967
Total fund balances	216,532	285,866	10,764	76,735	589,897
Total liabilities, deferred inflows and fund balances	$ 232,475	$ 285,866	$ 10,764	$ 77,285	$ 606,390

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 Position
Year Ended December 31, 2013

Total fund balances - total governmental funds		$ 589,897
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	$ 345,263	
Less accumulated depreciation	(195,021)	150,242
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.		6,945
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(11,790)
Net position of governmental activities		$ 735,294

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, 2013

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Cemetery Fund	Total Governmental Funds
Revenues:					
General property taxes	$ 94,922	$ -	$ -	$ -	$ 94,922
Sales and use taxes	43,159	-	-	-	43,159
Other taxes	35,999	-	-	-	35,999
Licenses and permits	3,815	-	-	-	3,815
Intergovernmental revenues	-	85,150	2,072	-	87,222
Charges for services	449	-	-	2,400	2,849
Interest income	352	1,159	14	236	1,761
Contributions and donations	2,100	-	-	750	2,850
Miscellaneous revenues	3,416	-	-	-	3,416
Total revenues	184,212	86,309	2,086	3,386	275,993
Expenditures:					
Current:					
General government	95,809	-	-	-	95,809
Public safety	46,569	-	-	-	46,569
Public works	43,743	5,565	-	2,646	51,954
Housing and development	-	-	-	-	-
Culture and recreation	23,886	-	-	-	23,886
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	210,007	5,565	-	2,646	218,218
Excess (deficiency) of revenues over expenditures	(25,795)	80,744	2,086	740	57,775
Other Financing Sources (Uses):					
Transfers in	26,100	-	-	-	26,100
Transfers out	(2,944)	-	-	-	(2,944)
Total other financing sources (uses)	23,156	-	-	-	23,156
Net change in fund balances	(2,639)	80,744	2,086	740	80,931
Fund balances - beginning	219,171	205,122	8,678	75,995	508,966
Fund balances - ending	$ 216,532	$ 285,866	$ 10,764	$ 76,735	$ 589,897

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 Position

Year Ended December 31, 2013

Net change in fund balances - total government funds		$ 80,931
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 Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.		(15,346)
Governmental Funds report capital outlay 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 assets recorded in the current period.		14,810
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 12/31/13	$ 6,945	
Deferred taxes 12/31/12	6,438	507
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 12/31/12	11,450	
Liability 12/31/13	11,790	(340)
Change in net position of governmental activities		$ 80,562

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, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 86,414	$ 100,900	$ 94,922	$ (5,978)
Sales and use taxes	47,000	44,900	43,159	(1,741)
Other taxes	33,500	36,500	35,999	(501)
Licenses and permits	4,000	4,500	3,815	(685)
Intergovernmental revenues	-	-	-	-
Charges for services	400	500	449	(51)
Interest income	1,000	1,000	352	(648)
Contributions and donations	-	-	2,100	2,100
Miscellaneous revenues	5,600	10,000	3,416	(6,584)
Carryover of funds	(37,035)	-	-	-
Total revenues	140,879	198,300	184,212	(14,088)
Expenditures:				
Current:				
General government	95,760	100,000	95,809	(4,191)
Public safety	42,000	47,000	46,569	(431)
Public works	46,000	45,000	43,743	(1,257)
Culture and recreation	2,000	24,000	23,886	(114)
Capital outlay	-	-	-	-
Total expenditures	185,760	216,000	210,007	(5,993)
Excess (deficiency) of revenues over expenditures	(44,881)	(17,700)	(25,795)	(8,095)
Other financing sources (uses):				
Transfers in	44,881	17,700	26,100	8,400
Transfers out	-	-	(2,944)	(2,944)
Total other financing sources (uses)	44,881	17,700	23,156	5,456
Excess (deficiency) of revenues and other financing and other uses	-	-	(2,639)	(2,639)
Fund balances - beginning	234,531	234,531	219,171	(15,360)
Fund balances - ending	$ 234,531	$ 234,531	$ 216,532	$ (17,999)

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, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental revenues	$ 1,900	$ 1,900	$ 2,072	$ 172
Interest income	150	150	14	(136)
Total revenues	2,050	2,050	2,086	36
Expenditures:				
Current:				
Housing and development	2,050	2,050	-	(2,050)
Total expenditures	2,050	2,050	-	(2,050)
Excess (deficiency) of revenues over expenditures	-	-	2,086	2,086
Fund balances - beginning	7,416	7,416	8,678	1,262
Fund balances - ending	$ 7,416	$ 7,416	$ 10,764	$ 3,348

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, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Charges for services	$ 1,900	$ 2,200	$ 2,400	$ 200
Interest income	700	600	236	(364)
Contributions and donations	2,000	1,800	750	(1,050)
Total revenues	4,600	4,600	3,386	(1,214)
Expenditures:				
Current:				
Public works	4,600	4,600	2,646	(1,954)
Total expenditures	4,600	4,600	2,646	(1,954)
Excess (deficiency) of revenues over expenditures	-	-	740	740
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing and other uses	-	-	740	740
Fund balances - beginning	76,607	76,607	75,995	(612)
Fund balances - ending	$ 76,607	$ 76,607	$ 76,735	$ 128

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2013

	Water & Sewer	Sanitation	Totals
Assets:			
Current assets:			
Restricted cash	$ 10	$ -	$ 10
Receivables (net where applicable of allowance for doubtful accounts):			
Accounts	9,565	5,164	14,729
Intergovernmental	-	-	-
Prepaid items	1,432	894	2,326
Total current assets	11,007	6,058	17,065
Noncurrent assets:			
Capital assets:			
Equipment	25,724	99,951	125,675
Infrastructure	2,468,909	-	2,468,909
Construction in progress	-	-	-
Accumulated depreciation	(1,351,574)	(89,018)	(1,440,592)
Total capital assets, net of accumulated depreciation	1,143,059	10,933	1,153,992
Total assets	$ 1,154,066	$ 16,991	$ 1,171,057
Liabilities:			
Current liabilities:			
Accounts payable	$ 6,695	$ 663	$ 7,358
Notes payable	2,813	-	2,813
Unearned revenue	-	-	-
Other payable	10	-	10
Customer deposits	12,675	-	12,675
Total current liabilities	22,193	663	22,856
Noncurrent liabilities:			
Notes payable	17,164	-	17,164
Total liabilities	$ 39,357	$ 663	$ 40,020
Net Position:			
Net investment in capital assets	$ 1,123,082	$ 10,933	$ 1,134,015
Unrestricted (deficiency)	(8,373)	5,395	(2,978)
Total net position	$ 1,114,709	$ 16,328	$ 1,131,037

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Positions
Proprietary Funds
Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Operating revenues:			
Charges for services - water	$ 52,912	$ -	$ 52,912
Charges for services - sewer	47,239	-	47,239
Charges for services - sanitation	-	48,486	48,486
Miscellaneous	8,580	-	8,580
Total operating revenues	108,731	48,486	157,217
Operating expenses:			
Personal services	22,116	8,579	30,695
Purchased/contracted services	75,934	15,055	90,989
Supplies	7,160	2,453	9,613
Depreciation	80,240	11,927	92,167
Total operating expenses	185,450	38,014	223,464
Income (loss) from operations	(76,719)	10,472	(66,247)
Non-operating revenues (expenses):			
Intergovernmental revenues	122,000	-	122,000
Interest expense	(1,031)	-	(1,031)
Total non-operating revenues (expenses)	120,969	-	(1,031)
Income (loss) before transfers	44,250	10,472	(67,278)
Transfer from other funds	2,944	-	2,944
Transfer to other funds	(3,960)	(22,140)	(26,100)
Change in net positions	43,234	(11,668)	31,566
Net position - beginning	1,071,475	27,996	1,099,471
Net position - ending	$ 1,114,709	$ 16,328	$ 1,131,037

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds		
	Water & Sewer	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	$ 107,936	$ 48,374	$ 156,310
Other operating cash receipts	-	-	-
Cash payments to suppliers for goods and services	(84,121)	(19,046)	(103,167)
Cash payments to employees for services	(19,085)	(7,188)	(26,273)
Net cash provided (used) by operating activities	4,730	22,140	26,870
Cash flows from noncapital financing activities:			
Transfers from other funds	2,944	-	2,944
Transfers to other funds	(3,960)	(22,140)	(26,100)
Net cash provided (used) by noncapital financing activities	(1,016)	(22,140)	(23,156)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(122,000)	-	(122,000)
Intergovernmental revenue	120,000	-	120,000
Transfers from other funds	-	-	-
Interest paid on notes	(1,031)	-	(1,031)
Loan payments	(2,683)	-	(2,683)
Contributed capital	-	-	-
Net cash provided (used) by capital and related financing activities:	(5,714)	-	(5,714)
Net increase (decrease) in cash and cash investments	(2,000)	-	(2,000)
Cash and cash investments, January 1	2,010	-	2,010
Cash and cash investments, December 31	$ 10	$ -	$ 10

See accompanying notes to basic financial statements

TOWN OF OCHLOCKNEE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	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	$ (76,719)	$ 10,472	$ (66,247)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation and amortization	80,240	11,927	92,167
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(190)	(112)	(302)
(Increase) decrease in prepaid items	(113)	(70)	(183)
Increase (decrease) in accounts payable	2,117	(77)	2,040
Increase (decrease) in customer deposits payable	(605)	-	(605)
Net cash provided (used) by operating activities	$ 4,730	$ 22,140	$ 26,870

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 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 does not follow subsequent private-sector guidance for its enterprise funds.

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

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 position and the statement of changes in net position) 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 Position. 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.

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

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.

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 position 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.

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

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

F. 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.

G. 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.

H. 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.

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

I. 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, 2013 is considered immaterial.

J. 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".

K. 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.

L. Capital Assets

Capital assets which include 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

M. 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.

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

N. 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 position. 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.

O. Nature and Purpose of Reservations

The fund equity reserves for prepaid items.

P. Government-wide and Proprietary Fund Net Positions

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

Net investment in capital assets – 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 – consist of net position 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 position are reported in this category.

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

Q. 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. Formal action by the Town Council is required to be taken to establish (and modify or rescind) a formal balance commitment.

Assigned – Amounts that are designated by the Town Council for a particular purpose. By motion, only the Town Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.

Unassigned – All amounts not included in other spendable classifications.

R. 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:

A. 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. 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.

(2) – LEGAL COMPLIANCE (CONT.)

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.

B. Legal Compliance

As indicated above, 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, less FDIC insurance. The Town reported $5,474 of funds that were not collateralized at 110 percent. This may be a violation of Georgia state statutes.

(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 1G). As of December 31, 2013, all of the Town's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or collateralized with securities held by the Town's agent in the Town's name.

At year end, the bank balance was $573,158 and the carry amount of the Town's deposits was $569,192.

Investments – As of December 31, 2013 the Town had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2013 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	$ 14,242	$ -	$ -	$ -	$ -	$ 14,242
Accounts	-	-	-	9,765	5,164	14,929
Intergovernmental	4,155	15,011	573	-	-	19,739
Gross receivables	18,397	15,011	573	9,765	5,164	48,910
Less: Allowance for doubtful accounts	-	-	-	200	-	200
Net total receivables	$ 18,397	$ 15,011	$ 573	$ 9,565	$ 5,164	$ 48,710

Property taxes are levied as of September 30th 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, 2013 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	14,810	-	223,532
Machinery & equipment	98,804	-	-	98,804
Total capital assets being depreciated	307,526	14,810	-	322,336
Less accumulated depreciation for:				
Buildings and improvements	104,020	10,709	-	114,729
Equipment	75,655	4,637	-	80,292
Total accumulated depreciation	179,675	15,346	-	195,021
Total capital assets, being depreciated, net	127,851	(536)	-	127,315
Governmental activities capital assets, net	$ 150,778	$ (536)	$ -	$ 150,242
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	$ 397,021	$ -	$ 397,021	$ -
Total capital assets not being depreciated	397,021	-	397,021	-
Capital assets being depreciated				
Infrastructure	1,949,888	519,021	-	2,468,909
Equipment	125,675	-	-	125,675
Total capital assets, being depreciated	2,075,563	519,021	-	2,594,584
Less accumulated depreciation for:				
Infrastructure	1,254,840	79,113	-	1,333,953
Equipment	93,583	13,055	-	106,638
Total accumulated depreciation	1,348,423	92,168	-	1,440,591
Total capital assets being depreciated, net	727,140	426,853	-	1,153,993
Business-type activities capital assets, net	$ 1,124,161	$ 426,853	$ 397,021	$ 1,153,993

(5) – CAPITAL ASSETS (CONT.)

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

Governmental activities:	
Public works	$ 12,226
Culture and recreation	3,120
Total depreciation expense - Governmental activities	$ 15,346
Business-type activities:	
Water and sewer	$ 80,241
Sanitation	11,927
Total depreciation expense - Business-type activities	$ 92,168

(6) – LONG-TERM DEBT

At December 31, 2013, 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.	$ 19,977

Annual debt service requirements to this note payable as of December 31, 2013 follow:

Year	Principal	Interest	Total
2014	2,813	901	3,714
2015	2,949	765	3,714
2016	3,092	622	3,714
2017	3,242	472	3,714
2018	3,399	315	3,714
2018-2020	4,482	193	4,675
Totals	$ 19,977	$ 3,268	$ 23,245

(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, 2013:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Compensated absences	$ 11,450	$ 9,468	$ 9,128	$ 11,790	$ 3,537
Total for governmental activities	11,450	9,468	9,128	11,790	3,537
Business-Type Activities:					
Note payable - Georgia Environmental Facilities Authority	22,661	-	2,684	19,977	2,813
Total for business-type activities	22,661	-	2,684	19,977	2,813
Total government	$ 34,111	$ 9,468	$ 11,812	$ 31,767	$ 6,350

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, 2013 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ 550	$ 112	$ 26,100	$ 2,944
SPLOST Fund	112	-	-	-
Cemetery Fund	-	550	-	-
Water & Sewer Fund	-	-	2,944	3,960
Sanitation Fund	-	-	-	22,140
Totals	$ 662	$ 662	$ 29,044	$ 29,044

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

The balance of $112 due to the SPLOST Fund from the General Fund is the result of a purchase made by the Town with SPLOST proceeds that was considered to be not in compliance with the referendum. The Town has initiated a plan to reimburse this balance back to the SPLOST Fund from the General Fund.

(8) – FUND BALANCES/RETAINED EARNINGS RESERVES

The following is a summary of the fund balances for the governmental funds at December 31, 2013:

Nonspendable:		
Prepaid items - This is prepaid insurance in the general fund	$	2,565
Restricted for construction of capital assets - This is net assets restricted by state law as follows:		
SPLOST Fund - Restricted by state law		285,866
Restricted for promotion of tourism:		
Hotel/Motel Tax Fund - Restricted by state law		10,764
Restricted for perpertual care:		
Cemetery Fund - Restricted by donors		76,735
Unassigned:		
This is the amount assigned in the general fund		213,967
Total fund balance	$	589,897

(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, 2013. No provisions have been made in the financial statements for the year ended December 31, 2013 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	$ 1,964,847
Mobile equipment	19,874
Boiler & machinery	1,964,847
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 $2,072 from their Hotel/Motel Tax Fund in 2013. The Town did not spent this money towards promotion of tourism for the Town of Ochlocknee in 2013.

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ochlocknee, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Ochlocknee, Georgia's basic financial statements and have issued our report thereon dated September 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ochlocknee, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ochlocknee, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ochlocknee, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiency. 1997-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ochlocknee, Georgia's financial statements are free from 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 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 as items 2012-002 and 2013-001.

The Town of Ochlocknee, Georgia's Response to Findings

The Town of Ochlocknee, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Ochlocknee, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Simmons, Mills & Simmons P.C.

September 19, 2014

Prior year's findings and responses:

1997-001

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.

2012-002

Condition – For the fiscal year ending December 31, 2012, the Town did not comply with OCGA Section 48-8-121 as it used Sales Tax proceeds to make purchases not in compliance with the resolution.

Criteria – Official Code of Georgia Annotated (O.C.G.A.) Section 48-8-121: The proceeds received from the tax authorized by this part shall be used by the county and qualified municipalities within the special district receiving proceeds of the sales and use tax exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such county and each qualified municipality receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds of such county and each qualified municipality receiving proceeds of the sales and use tax prior to the expenditure.

Recommendation – The Town should reimburse the SPLOST Fund from the General Fund for the noncompliant purchases.

Status – The Town still needs to reimburse the SPLOST Fund from the General Fund.

Views of responsible officials and planned correction actions – The Town's management concurs with the finding. The Mayor and council have initiated a plan to reimburse the SPLOST Fund. They anticipate having the money reimbursed by December 31, 2014.

Current year findings:

2013-001

Condition – At year end, the Town may have not been in compliance with the state statute on deposits at one of its depositories. The deposits at this bank less FDIC coverage multiplied by 110% equal $355,474. The bank had only pledged $350,000 of collateral. This resulted in $5,474 of uncollateralized deposits.

Criteria – Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12(a). The collecting officer holding public funds may not have a deposit at any one time in any depository for a time longer than ten days a sum of money belonging to the public body when such depository has not given a bond to the public body as set forth in this code section. A depository may secure deposits made with it partly be surety bond, partly by deposit of any one or more of the obligations referred to in subsection (a) of this code section, partly by the guarantee or insurance referred to in subsection (b) of this code section, or by any combination of these methods. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to no less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance.

Effect – Failure to collateralize deposits as required above may be a violation of this statute.

Recommendation – The Town should continue to monitor deposits and pledges. The Town should require the bank to pledge enough collateral to cover deposits as required by the above statute.

Views of responsible and planned corrective actions – Concur with finding. The deposits at this bank increased in December 2013 and January 2014. The bank increased its pledges on July 1, 2014. The City Clerk will continue to monitor deposits and collateral and will require additional collateral as necessary. If this bank continues to under collateralize the deposits, the Town will move the money to another bank.

TOWN OF OCHLOCKNEE

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

September 19, 2014

Mr. Greg S. Griffin,
State Auditor
Department of Audits and Accounts
270 Washington Street, SW, Room 1-156
Atlanta, Ga. 30334-8400

Re: Town of Ochlocknee
Year Ending December 31, 2013
Corrective Action Plan Revision

Dear Mr. Griffin:

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
Mayor

TOWN OF OCHLOCKNEE, GEORGIA
Corrective Action Plan
For The Year Ended December 31, 2013

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.

Finding/Recommendation:

For the fiscal year ending December 31, 2012, the Town did not comply with OCGA Section 48-8-121 as it used Sales Tax proceeds to make purchases not in compliance with the resolution. Official Code of Georgia Annotated (O.C.G.A.) Section 48-8-121: The proceeds received from the tax authorized by this part shall be used by the county and qualified municipalities within the special district receiving proceeds of the sales and use tax exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such county and each qualified municipality receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds of such county and each qualified municipality receiving proceeds of the sales and use tax prior to the expenditure. The unauthorized purchases were transferred through the General Fund which created a Due to the SPLOST Fund. The Town should reimburse the SPLOST Fund from the General Fund for the noncompliant purchases.

Corrective Action Plan/Management Response:

We concur with this recommendation. The Town will reimburse the SPLOST Funds from the General Fund by December 31, 2014.

Finding/Recommendation:

At year end, December 31, 2013, the Town may have not been in compliance with the state statute on deposits at one of its depositories. The deposits at this bank less FDIC coverage multiplied by 110% equal $355,474. The bank had only $350,000 of collateral. This resulted in $5,474 of uncollateralized deposits. The Town should continue to monitor deposits and pledges. The Town should require the bank to pledge enough collateral to cover deposits as required by state statutes.

Corrective Action Plan/Management Response:

We concur with this recommendation. The bank increased its pledges as of July 1, 2014. The Clerk will continue to monitor deposits and collateral and will require additional collateral as necessary. If the bank continues to under collateralize the deposits, the Town will move the money to another bank.

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2013. These schedules are 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, 2013, 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.

September 19, 2014

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2012 Special Purpose Local Option Sales Tax - Thomas County
Year Ended December 31, 2013

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Miscellaneous road, water, sewer, and public safety capital projects	$ 525,000	$ -	$ -	$ -
	$ 525,000	$ -	$ -	$ -

County Wide Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2013 was $85,150.

TOWN OF OCHLOCKNEE, GEORGIA
Schedule of 2006 Special Purpose Local Option Sales Tax
Year Ended December 31, 2013

	Original Estimated Cost	Expenditures		Total
		Prior Years	Current Year	
Capital Projects:				
Water system	$ 53,250	$ 78,887	$ 5,565	$ 84,452
Sewer system	53,250	34,082	-	34,082
Streets	53,250	7,090	-	7,090
Public safety	53,250	-	-	-
Totals	$ 213,000	$ 120,059	$ 5,565	$ 125,624

Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for the year ended December 31, 2013 was $0.

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, 2013 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, 2013 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.

September 19, 2014

TOWN OF OCHLOCKNEE, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
10p-x-136-2-5307
Year Ended December 31, 2013

Total grant	$	487,878
Less: Total funds drawn by recipient		463,021
Total funds de-obligated at completion		24,857
Funds still available for grant resources	$	-
Cash on hand (overdraft), January 1, 2013	$	2,000
Total grant funds drawn and received by recipient during 2013		120,000
Less: Funds applied and expended to grant costs during 2013		122,000
Total program funds held by recipient at December 31, 2013	$	-

TOWN OF OCHLOCKNEE, GEORGIA
Community Development Block Grant
Project Cost Schedule
10p-x-136-2-5307
Year Ended December 31, 2013

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	35,028	13,750	48,778	-
Water facilities	P-03J-01	381,900	398,733	35,000	433,733	-
Administration	A-21A-00	29,260	29,260	7,250	36,510	-
Totals		$ 487,878	$ 463,021	$ 56,000	$ 519,021	$ -