TOWN OF TOOMSBORO, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Town of Toomsboro, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Toomsboro, Georgia, as of and for the year ended December 31, 2012 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 Toomsboro, 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 Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 Toomsboro, Georgia, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated May 21, 2013 on our consideration of the Town of Toomsboro, 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.

The Town of Toomsboro, Georgia has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials 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.

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Toomsboro, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wright & Wright, P.C.

May 21, 2013

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF TOOMSBORO, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 444,167	$ 3,213	$ 447,380
Restricted assets:			
Cash in bank	-	8,939	8,939
Accounts receivable, net	28,338	8,128	36,466
Receivable from other governments	10,652	-	10,652
Internal balances	-	-	-
Total current assets	483,157	20,280	503,437
Noncurrent assets:			
Nondepreciable	44,415	3,972	48,387
Depreciable capital assets, net of accumulated depreciation	602,227	664,151	1,266,378
Total assets	1,129,799	688,403	1,818,202
LIABILITIES:			
Current liabilities:			
Accounts payable	4,144	273	4,417
Current portion of notes payable	-	15,939	15,939
Accrued interest payable	-	62	62
Other accrued liabilities	1,995	294	2,289
Liabilities payable from restricted assets:			
Accrued interest payable	-	400	400
Current portion of note payable	-	5,000	5,000
Total current liabilities	6,139	21,968	28,107
Noncurrent liabilities:			
Notes payable, less current portion	-	212,084	212,084
Total liabilities	6,139	234,052	240,191
NET ASSETS:			
Invested in capital assets, net of related debt	646,642	435,100	1,081,742
Restricted for:			
Capital projects	427,257	-	427,257
Revenue bond retirement	-	9,550	9,550
Unrestricted	49,761	9,701	59,462
	$ 1,123,660	$ 454,351	$ 1,578,011

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 64,538	$ 4,671	$ -	$ -	$ (59,867)	$ -	$ (59,867)
Street department	89,569	19,661	-	75,483	5,575	-	5,575
Public safety	56,333	5,375	-	-	(50,958)	-	(50,958)
Interest on long-term debt	171	-	-	-	(171)	-	(171)
Total governmental activities	210,611	29,707	-	75,483	(105,421)	-	(105,421)
Business-type activities:							
Water fees	97,644	77,436	-	-	-	(20,208)	(20,208)
Total business-type activities	97,644	77,436	-	-	-	(20,208)	(20,208)
Total primary government	$ 308,255	$ 107,143	$ -	$ 75,483	(105,421)	(20,208)	(125,629)
General revenues:							
Taxes:							
Property taxes					28,559	-	28,559
General sales and use tax					45,112	-	45,112
Franchise tax					26,515	-	26,515
Beer and wine tax					5,571	-	5,571
Insurance company premium tax					23,515	-	23,515
Other taxes					6,225	-	6,225
Grants and contributions					-	-	-
Interest and dividend earnings					45	33	78
Miscellaneous					24,015	-	24,015
Transfers					(39,996)	39,996	-
Total general revenues and transfers					119,561	40,029	159,590
Change in net assets					14,140	19,821	33,961
Net assets, beginning					1,109,520	434,530	1,544,050
Net assets, ending					$ 1,123,660	$ 454,351	$ 1,578,011

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	$ 23,214	$ 420,953	$ 444,167
Accounts receivable, net	28,338	-	28,338
Receivables from other governments	4,348	6,304	10,652
Receivables from other funds	-	-	-
Total assets	$ 55,900	$ 427,257	$ 483,157
LIABILITIES:			
Accounts payable	$ 4,144	$ -	$ 4,144
Other liabilities	1,995	-	1,995
Due to other funds	-	-	-
Deferred revenue	7,175	-	7,175
Total liabilties	13,314	-	13,314
FUND BALANCES:			
Non-spendable fund balance	-	-	-
Restricted fund balance:			
Capital projects	-	427,257	427,257
Committed fund balance	-	-	-
Assigned fund balance	-	-	-
Unassigned fund balance	42,586	-	42,586
Total fund balances	42,586	427,257	469,843
Total liabilities and fund balances	$ 55,900	$ 427,257	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $185,677	646,642
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: Accounts receivable, net of allowance for doubtful accounts of $0	7,175
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds	-
Net assets of governmental activities	$ 1,123,660

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:			
Taxes	$ 140,380	$ -	$ 140,380
Licenses and permits	4,671	-	4,671
Intergovernmental	-	74,588	74,588
Charges for services	25,036	-	25,036
Other	25,520	895	26,415
Total revenues	195,607	75,483	271,090
EXPENDITURES:			
Current operating:			
General government	63,991	-	63,991
Street department	63,945	12,938	76,883
Public safety	46,171	-	46,171
Debt service:			
Principal	-	4,195	4,195
Interest and other charges	-	171	171
Capital outlays	-	30,445	30,445
Total expenditures	174,107	47,749	221,856
Excess (deficiency) of revenues over expenditures	21,500	27,734	49,234
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Transfers in (out)	(15,300)	-	(15,300)
Total other financing sources and uses	(15,300)	-	(15,300)
Net change in fund balance	6,200	27,734	33,934
FUND BALANCE, beginning of year	36,386	399,523	435,909
FUND BALANCE, end of year	$ 42,586	$ 427,257	$ 469,843

(Continued)

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - total governmental funds	$ 33,934
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	5,749
Depreciation	(24,855)
	(19,106)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	(4,883)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:	
Issuance of long-term debt	-
Repayment of long-term debt	4,195
	4,195
	$ 14,140

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Water Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 3,213
Restricted assets:	
Cash in bank	8,939
Accounts receivable, net of allowance of $605	8,128
Total current assets	20,280
NONCURRENT ASSETS:	
Capital Assets:	
Land	3,972
Buildings	142,786
Equipment	111,206
Distribution system	1,326,042
	1,584,006
Less accumulated depreciation	(915,883)
Total capital assets	668,123
Total assets	688,403
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	273
Current portion of notes payable	15,939
Other accrued liabilities	294
Accrued interest payable	62
Liabilities payable from restricted assets:	
Accrued interest payable	400
Current portion of note payable	5,000
Total current liabilities	21,968
NONCURRENT LIABILITIES:	
Notes payable, net of current portion	212,084
Total noncurrent liabilities	212,084
Total liabilities	234,052
NET ASSETS	
INVESTED IN CAPITAL ASSETS, net of related debt	435,100
RESTRICTED FOR:	
Revenue bond retirement	9,550
UNRESTRICTED	9,701
Total net assets	$ 454,351

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PRORIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water Fund
OPERATING REVENUES:	
Water sales	$ 77,436
Miscellaneous income	-
Total operating revenue	77,436
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	16,808
Payroll taxes	1,371
Purchased/contracted services:	
Repairs and replacement	5,045
Professional fees	2,813
Testing	-
Supplies:	
Chemicals and supplies	12,073
Office supplies	3,007
Utilities and communication	8,612
Depreciation	38,610
Miscellaneous	3,879
Total operating expenses	92,218
OPERATING LOSS	(14,782)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	33
Interest expense	(5,426)
Total non-operating revenues (expenses)	(5,393)
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(20,175)
CAPITAL CONTRIBUTIONS:	
Contribution from Capital Projects Fund	24,696
NET LOSS BEFORE TRANSFERS	4,521
TRANSFERS FROM (TO) GENERAL FUND	15,300
NET LOSS	19,821
NET ASSETS, beginning of year	434,530
NET ASSETS, end of year	$ 454,351

See accompanying notes to the basic financial statements

TOWN OF TOOMSBORO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 75,542
Cash paid to suppliers for goods and services	(42,014)
Cash paid to employees	(18,209)
Net cash provided by (used for) operating activities	15,319
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	15,300
Net cash provided by (used for) noncapital financing activities	15,300
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Principal paid on capital debt	(25,836)
Interest paid on capital debt	(5,426)
Net cash provided by (used for) capital and related financing activities	(31,262)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	33
Net cash provided by (used for) investing activities	33
NET INCREASE (DECREASE) IN CASH	(610)
CASH AND CASH EQUIVALENTS, beginning of year	12,762
CASH AND CASH EQUIVALENTS, end of year	$ 12,152
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (14,782)
Adjustments to reconcile net operating income (loss to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	38,610
Changes in assets and liabilities:	
Accounts receivable	(1,894)
Accounts payable	(1,226)
Other accrued liabilities	(30)
Accrued interest payable	(5,359)
Net cash provided by (used for) operating activities	$ 15,319
CASH CLASSIFIED AS:	
Current assets - cash	$ 3,213
Restricted assets - cash	8,939
	$ 12,152

NONCASH CAPITAL FINANCING ACTIVITIES:

Fixed assets of $24,696 were made through contributions from the Capital Projects Fund.

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of Town of Toomsboro (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town.

Currently, the Town has no blended component units or discretely presented component units

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

> The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Capital Projects Fund accounts for capital expenditures paid with the special purpose local option sales tax.

The Town reports the following major proprietary fund:

The Water Fund is used to account for the provision of water services to businesses and residents of the Town. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The Town complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the Town to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the Town has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

The cost of inventories are recorded as expenditures when acquired and are not inventoried at year end due to lack of materiality.

F. Restricted Assets

Restricted assets consist of cash on savings required to be maintained pursuant to the bond ordinances on the 1987 water revenue bonds purchased by Farmers Home Administration.

G. Prepaid Items

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

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of two years and an initial cost in excess of $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. No infrastructure assets were completed during the year ended December 31, 2012. At December 31, 2012, there was $0 of construction-in-progress related to infrastructure assets.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows

Buildings	30-40 years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 – 50 years

I. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as an expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide

financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The Town does not allow accumulated vacation pay beyond one year; therefore there is no significant unrecorded balances at December 31, 2012.

J. Long-Term Obligations

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

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged 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 debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Equity Classifications

The Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

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

Fund Balance

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

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution. Only the Town Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned balances may be reported in all funds.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the Town would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The Town does not have a formal minimum fund balance policy; however, the Town Council address various target reserve positions which are reviewed periodically.

Net Assets

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

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

1. Prior to year end the Town Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Town of Toomsboro.

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether

   accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2012:

General government	$ 2,106

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Georgia and its agencies that have a market value of not less than the principal amount of the deposits. The Town's deposits consist of checking and savings accounts, and non-negotiable certificates of deposits in a local bank. At December 31, 2012, the book balance of checking and savings accounts, and non-negotiable certificates of deposits in all banks was $456,319, all of which was covered by federal depository insurance.

Investments - There were no investments at December 31, 2012.

4. PROPERTY TAXES

The value of all real and business personal property located in the Town is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the Town Council. Appraised values are established by the Wilkinson County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on or about September 14. Taxes are billed and collected by the Wilkinson County Tax Commissioner. Taxes are billed shortly after October 20 and are due December 20, after which date penalties and interest may be assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the Town. Current tax collections for the years ended December 31, 2012, were 23.4% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed.

Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At December 31, 2012, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 26,694	$ -	$ 26,694
Local option sales tax	4,348	-	4,348
Garbage fees receivable	1,644	-	1,644
Capital Projects Fund:			
Special local option sales tax	6,304	-	6,304
Water Fund:			
Water fees	-	8,733	8,733
	38,990	8,733	47,723
Allowance for doubtful accounts	-	(605)	(605)
	$ 38,990	$ 8,128	$ 47,118

6. CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 44,415	$ -	$ -	$ 44,415
Subtotal	44,415	-	-	44,415
Depreciable capital assets:				
Land improvements	10,045	-	-	10,045
Buildings	79,775	-	-	79,775
Equipment	132,505	30,444	(24,696)	138,253
Infrastructure	559,831	-	-	559,831
Subtotal	826,571	30,444	(24,696)	832,319
Accumulated depreciation:				
Land improvements	5,023	669	-	5,692
Buildings	15,384	1,382	-	16,766
Equipment	123,620	11,607		135,227
Infrastructure	16,795	11,197	-	27,992
Subtotal	160,822	24,855	-	185,677
Net capital assets	$ 665,749	$ 5,589	$ (24,696)	$ 646,642

Governmental activities depreciation expense:

General government	$ 2,007
Street department	12,686
Public safety	10,162
	$ 24,855

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 3,972	$ -	$ -	$ 3,972
Subtotal	3,972	-	-	3,972
Depreciable capital assets:				
Building	142,786	-	-	142,786
Equipment	86,510	24,696	-	111,206
Infrastructure	1,326,042	-	-	1,326,042
Subtotal	1,559,310	24,696	-	1,584,006
Accumulated depreciation:				
Building	26,853	3,668	-	30,521
Equipment	81,776	1,131	-	82,907
Infrastructure	768,644	33,811	-	802,455
Subtotal	877,273	38,610	-	915,883
Net capital assets	$ 682,037	$ (13,914)	$ -	$ 668,123

7. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2012, long-term debt consisted of the following:

	Governmental Activities	Enterprise Fund
$172,500 water revenue bonds payable used for water system improvements to Farmers Home Administration; 5.0% interest; payable in varying annual principal and interest installments to 2025	$ -	$ 96,000
$80,234 water revenue bonds payable to Georgia Environmental Facilities Authority ("GEFA"); interest at 2.0%; payable in quarterly principal and interest installments of $1,376 to May 2016; used for water system improvements	-	18,554
$210,000 water revenue bonds payable to GEFA; interest at 0.0%; payable in quarterly principal and interest installments of $2,692 to December 2023; used for water system improvements	-	118,469
Total long-term debt	$ -	$ 233,023

Following is a summary of changes in long-term debt for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Amount Due in One Year
Governmental type activities:					
Note payable	$ 4,195	$ -	$ (4,195)	$ -	$ -
Business-type activities:					
Long-term debt	$ 258,860	$ -	$ (25,837)	$ 233,023	$ 20,939

Annual Requirements to Retire Debt Obligations:
The annual maturities for the years subsequent to December 31, 2012 are as follows:

	Governmental Activities		Business-Type Activities	
Year Ending December 31	Principal	Interest	Principal	Interest
2013	$ -	$ -	$ 20,939	$ 5,132
2014	-	-	21,043	4,778
2015			22,149	4,432
2016	-	-	19,500	4,021
2017			17,769	3,400
2018 – 2022	-	-	94,845	11,400
2023 - 2025	-	-	36,778	2,950
	$ -	$ -	$ 233,023	$ 36,113

8. DEFICIT FUND EQUITY

No fund had a deficit fund balance at December 31, 2012.

9. INTERFUND TRANSACTIONS AND BALANCES

	Transfers Out	Transfers In
General Fund - Water Fund	$ -	$ 15,300
Water Fund - General Fund	15,300	-
	$ 15,300	$ 15,300

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to return money to the fund from which it was originally provided, once a project is completed.

All Town transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

10. COMMITMENTS AND CONTINGENCIES

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

Litigation

Various claims and lawsuits are pending against the Town. In the opinion of Town management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the Town's financial position.

11. RETIREMENT PLAN

The Town does not have a retirement or pension plan.

12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation. 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. GIRMA is a public entity risk pool currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association administers the pool.

As part of GIRMA, the Town is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The Town is also to allow the pool's 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 fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member governments' contracts. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

For its workers' compensation coverage, the Town is a participant in the Georgia Municipal Association Self-Insurance Fund (the Fund), a public entity risk pool operated for the benefit of municipal government units located in Georgia. The Town's General Fund pays an annual premium to the Fund for this coverage. The Fund provides excess insurance coverage for protection of members against excess losses and initial excess coverage is statutory specific and unlimited aggregate amounts. Government members of the Fund are jointly and severally liable for claims not covered by the Fund. No workers' compensation claims have been filed by the Town in the past three years.

13. JOINT VENTURE

Under Georgia law, the Town in conjunction with other cities and counties in the fourteen Town east central Georgia area, is a member of the Middle Georgia Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2012, the Town paid $477 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each Town and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175-C Emory Highway
Macon, GA 31201

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 21, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedules – General Fund

TOWN OF TOOMSBORO, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 29,700	$ 29,700	$ 33,442	$ 3,742
Vehicle	5,500	5,500	5,176	(324)
Franchise tax	21,383	21,383	26,515	5,132
Alcoholic beverage	5,700	5,700	5,571	(129)
Local option sales tax	40,000	40,000	45,112	5,112
Insurance company premium	22,139	22,139	23,515	1,376
Other	1,200	1,200	1,049	(151)
	125,622	125,622	140,380	14,758
Licenses and Permits:				
Business licenses and permits	3,425	3,425	4,671	1,246
	3,425	3,425	4,671	1,246
Intergovernmental:				
USDA grant	-	-	-	-
	-	-	-	-
Charges for services:				
Garbage fees	21,707	21,707	19,661	(2,046)
Court fines	5,000	5,000	5,375	375
	26,707	26,707	25,036	(1,671)
Miscellaneous:				
Interest income	61	61	45	(16)
Other	34,365	34,365	25,475	(8,890)
	34,426	34,426	25,520	(8,906)
Total revenues	190,180	190,180	195,607	5,427

TOWN OF TOOMSBORO, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 61,885	$ 61,885	$ 63,991	$ (2,106)
Street department	67,398	67,398	63,945	3,453
Public safety	51,991	51,991	46,171	5,820
Total operating expenditures	181,274	181,274	174,107	7,167
Capital Outlays:				
General government	-	-	-	-
Street department	4,500	4,500	-	4,500
Public safety	-	-	-	-
Total capital expenditures	4,500	4,500	-	4,500
Debt Service:				
Principal	4,195	4,195	-	4,195
Interest	171	171	-	171
Total debt service	4,366	4,366	-	4,366
Total expenditures	190,140	190,140	174,107	16,033
Excess (deficiency) of revenues over expenditures	40	40	21,500	21,460
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	-	-	(15,300)	(15,300)
	-	-	(15,300)	(15,300)
Excess (deficiency) of revenues over expenditures and other financing sources	40	40	6,200	6,160
FUND BALANCE, beginning of year	36,386	36,386	36,386	-
FUND BALANCE, end of year	$ 36,426	$ 36,426	$ 42,586	$ 6,160

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

TOWN OF TOOMSBORO, GEORGIA

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 20,560	$ 20,560	$ 20,798	$ (238)
Payroll taxes	3,500	3,500	1,565	1,935
Purchased/contracted services:				
Accounting and legal	4,538	4,538	9,153	(4,615)
Insurance	14,000	14,000	17,203	(3,203)
Utilities and communication	7,100	7,100	7,902	(802)
Repairs and maintenance	500	500	83	417
Dues	1,550	1,550	1,154	396
Advertising	300	300	686	(386)
Supplies:				
Office supplies	3,086	3,086	2,710	376
Other costs:				
Travel and training	2,000	2,000	862	1,138
Election	-	-	-	-
Miscellaneous	4,751	4,751	1,875	2,876
Total General Government	$ 61,885	$ 61,885	$ 63,991	$ (2,106)
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 27,872	$ 27,872	$ 25,374	$ 2,498
Payroll taxes	5,580	5,580	1,909	3,671
Purchased/contracted services:				
Uniforms	525	525	814	(289)
Training	1,400	1,400	2,221	(821)
Vehicle costs	7,500	7,500	9,764	(2,264)
Repairs and maintenance	600	600	150	450
Communication	900	900	959	(59)
Supplies	600	600	461	139
Other costs:				
Peace officers' retirement	1,950	1,950	1,515	435
Miscellaneous	2,564	2,564	1,830	734
Total police	49,491	49,491	44,997	4,494
Fire:				
Gas and oil	500	500	353	147
Equipment repairs	1,500	1,500	624	876
Supplies	500	500	197	303
Total fire	2,500	2,500	1,174	1,326
Total Public Safety	$ 51,991	$ 51,991	$ 46,171	$ 5,820

TOWN OF TOOMSBORO, GEORGIA
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Street Department:				
Personal services and employee benefits:				
Salaries	$ 20,800	$ 20,800	$ 21,165	$ (365)
Payroll taxes	5,000	5,000	1,593	3,407
Purchased/contracted services:				-
Utilities	17,000	17,000	17,987	(987)
Repairs and maintenance	800	800	1,943	(1,143)
Garbage contract	16,248	16,248	17,597	(1,349)
Materials and supplies	7,550	7,550	3,460	4,090
Other costs	-	-	200	(200)
Total Street Department	$ 67,398	$ 67,398	$ 63,945	$ 3,453

TOWN OF TOOMSBORO, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2012

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Paving streets and sidewalks	$ 61,936	$200,000	$ 121,977	$ 12,938	$ 134,915	67.5%
Fire department equipment	3,635	20,000	13,679	4,580	18,259	91.3%
Recreation capital outlays	35,790	125,000	35,790	-	35,790	28.6%
Drainage improvements	-	60,242	60,242	-	60,242	100.0%
Police department equipment	-	40,000	8,717	5,535	14,252	35.6%
Economic development	-	20,000	1,730	-	1,730	8.7%
Water Fund equipment	-	120,000	-	24,696	24,696	20.6%

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
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FACSIMILE (478) 552-6158

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

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

To the Mayor and Council
Town of Toomsboro, Georgia

We have audited the financial statements of the governmental activities, the business type activities and each major fund of the Town of Toomsboro, Georgia as of and for the year ended December 31, 2012, which collectively comprise the Town of Toomsboro's basic financial statements and have issued our report thereon dated May 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Toomsboro, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Toomsboro, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Toomsboro'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 questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as items 12-1 and 12-2. 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 charge with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Toomsboro, 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 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 questioned costs as item 12-3.

Town of Toomsboro, 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 Toomsboro, 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 federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wright & Wright, P. C.

May 21, 2013

TOWN OF TOOMSBORO, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2012

SIGNIFICANT DEFICIENCIES

12-1 Segregation of Duties

Condition

Due to the small size of the Town's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

Effect

Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

Recommendation

The Town Council should implement other internal controls in areas where segregation of duties is not practical.

Views of Responsible Officials

We concur and will continue to require dual signatures on checks and council approval for non recurring expenditures.

12-2 Controls Over Financial Statement Presentation

Condition

Town personnel do not currently possess the professional skills necessary to prepare or review the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the Town's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The Town should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

COMPLIANCE AND OTHER MATTERS

12-3 Budgetary

Condition

In the Town's General Fund, actual expenditures exceeded budget appropriations in a department. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The Town should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our Town Council will analyze budgetary financial data periodically and amend the budget when appropriate.

TOWN OF TOOMSBORO

TOOMSBORO, GEORGIA 31090

Georgia Department of Audits & Accounts
Attn: Mr. Edward Blaha, Director
270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended December 31, 2012.

With respect to the finding regarding segregation of duties in the "Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards," we submit the following comments:

1. We annually review our system of internal control after our audited financial statements are received, along with any suggestions from the accounting firm as to improvements that can be made to strengthen controls.

2. We have one full-time clerk who performs all of our bookkeeping functions. Checks are signed by the clerk and at least one council member after invoices are approved by Council.

3. Our budget will not permit us to hire additional personnel to further separate accounting duties.

4. The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2012:

General government	$ 2,106

   These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

5. Town personnel do not currently possess the professional skills necessary to prepare or review the year end financial statements and related footnotes. The Town will consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Should you need any further explanation of these matters please contact us.

Sincerely,

By

Mayor, Town of Toomsboro