

City of Doerun, Georgia

Financial Statements

For the Year Ended

December 31, 2013

**CITY OF DOERUN, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2013
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Perry L. Henry, LLC
Certified Public Accountant and Consultant

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
the City Council
City of Doerun, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Doerun, Georgia as of and for the fiscal year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City'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 presentation 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 evaluation 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 City of Doerun, Georgia as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule – General Fund on page 30 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 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2015 on our consideration of the City of Doerun'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 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 City of Doerun's internal control over financial reporting and compliance.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
April 25, 2015

BASIC FINANCIAL STATEMENTS

CITY OF DOERUN, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS	Governmental Activities	Business- Type Activities	Total
Current Assets			
Cash on hand and in banks	\$ 504,351	\$ 574,370	\$ 1,078,721
Investments	-	465,389	465,389
Receivables, net of allowance for uncollectables	10,964	200,488	211,452
Inventories	-	11,375	11,375
Due from other governments	14,742	-	14,742
Internal Balances	(117,395)	117,395	-
Prepaid items	3,996	5,328	9,324
Restricted assets:			
Temporarily restricted:			
Restricted cash	21,565	-	21,565
Noncurrent Assets			
Capital assets:			
Non-depreciable	160,616	-	160,616
Depreciable, net of depreciation	774,882	1,322,718	2,097,600
Total Assets	1,373,721	2,697,063	4,070,784
LIABILITIES			
Accounts payable and accrued expenses	14,392	82,106	96,498
Accrued Liabilities	6,110	11,303	17,413
Liabilities payable from restricted assets	17,058	52,955	70,013
Long-term liabilities:			
Portion due and payable within one year:			
Notes and capital leases	-	20,000	20,000
Portion due and payable after one year:			
Notes and capital leases	-	760,833	760,833
Compensated absences payable	4,435	5,904	10,339
Total Liabilities	41,995	933,101	975,096
NET POSITION			
Invested in capital assets, net of related debt	935,498	541,885	1,477,383
Restricted for:			
Capital projects	30,203	-	30,203
Unrestricted	366,025	1,222,077	1,588,102
Total net position	\$ 1,331,726	\$ 1,763,962	\$ 3,095,688

The accompanying notes are an integral part of these financial statements.

CITY OF DOERUN, GEORGIA
Balance Sheet
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

				Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Program Revenues		Primary Government		
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental:						
General Government	\$ 226,987	\$ 103,319	\$ -	\$ (123,668)		\$ (123,668)
Public Safety	272,655	-	-	(272,655)		(272,655)
Public Works	191,472	90,093	20,828	(80,551)		(80,551)
Culture and Recreation	23,962	-	-	(23,962)		(23,962)
Total governmental activities	715,076	193,412	20,828	(500,836)		(500,836)
Business-type:						
Water & Sewer	231,051	232,334	-		\$ 1,283	1,283
Electric	752,202	902,178	-		149,976	149,976
Gas	326,802	539,670	-		212,868	212,868
Cable TV	122,126	88,001	-		(34,125)	(34,125)
Total business-type activities	1,432,181	1,762,183	-		330,002	330,002
Totals	\$ 2,147,257	\$ 1,955,595	\$ 20,828	(500,836)	330,002	(170,834)
General revenues:						
Taxes						
Property taxes, levied for general purposes				43,816	-	43,816
Alcoholic beverages taxes				31,569	-	31,569
Franchise taxes				9,255	-	9,255
Insurance premium tax				39,926	-	39,926
Other taxes				7,312	-	7,312
Investment earnings				1,014	41	1,055
Miscellaneous				8,976	-	8,976
Transfers				145,886	(145,886)	-
Total general revenues and transfers				287,754	(145,845)	141,909
Change in net position				(213,082)	184,157	(28,925)
Net position - beginning				1,544,808	1,579,805	3,124,613
Net position - ending				\$ 1,331,726	\$ 1,763,962	\$ 3,095,688

The accompanying notes are an integral part of these financial statements.

**CITY OF DOERUN, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General Fund	SPLOST Capital Projects Fund	Total Governmental Funds
ASSETS			
Assets:			
Cash	\$ 525,916	\$ -	\$ 525,916
Receivables - other	10,964	-	10,964
Due from other funds	32,226	30,203	62,429
Due from other governments	14,742	-	14,742
Due from other funds	-	-	-
Total Assets	<u>\$ 583,848</u>	<u>\$ 30,203</u>	<u>\$ 614,051</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,391	\$ -	\$ 14,391
Accrued liabilities	10,545	-	10,545
Customer Deposits - Culvert	17,058	-	17,058
Due to other funds	179,825	-	179,825
Total Liabilities	<u>221,819</u>	<u>-</u>	<u>221,819</u>
Fund Balances:			
Restricted for:			
Capital projects	-	30,203	30,203
Unassigned	362,029	-	362,029
Total Fund Balances	<u>362,029</u>	<u>30,203</u>	<u>392,232</u>
Total Liabilities and Fund Balances	<u>\$ 583,848</u>	<u>\$ 30,203</u>	<u>\$ 614,051</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF DOERUN, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total *fund* balances for governmental funds \$ 392,232

Total *net position* reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and construction in progress	160,616
Other capital assets	<u>1,552,017</u>

Total capital assets	1,712,633
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Accumulated depreciation	<u>(777,135)</u>
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Total Assets - net	<u>935,498</u>	<u>935,498</u>
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Governmental funds recognize expenditures for insurance using the purchases method. However, the statement of activities uses the accrual method and, thus, only the amount of insurance benefits are recognized as expense when it is consumed. The unconsumed is recorded as a prepaid.

3,996

Total net position of governmental activities	<u>\$ 1,331,726</u>
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CITY OF DOERUN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	SPLOST Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes			
Real and personal property	\$ 43,753	\$ -	\$ 43,753
Alcoholic beverage	31,569	-	31,569
Franchise	9,255	-	9,255
Insurance premium	40,370	-	40,370
Intergovernmental	20,828	-	20,828
Licenses and permits	6,988	-	6,988
Fines and forfeitures and penalties	62,626	-	62,626
Sanitation	126,806	-	126,806
Investment earnings	1,014	-	1,014
Miscellaneous	12,899	-	12,899
Total Revenues	<u>356,108</u>	<u>-</u>	<u>356,108</u>
EXPENDITURES			
Current:			
General Government	217,616	-	217,616
Public Safety	264,169	-	264,169
Public Works	122,028	-	122,028
Sanitation	55,116	-	55,116
Total Expenditures	<u>658,929</u>	<u>-</u>	<u>658,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(302,821)</u>	<u>-</u>	<u>(302,821)</u>
Other Financing Sources (Uses)			
Transfers In	145,886	-	145,886
Total Other Financing Sources (Uses)	<u>145,886</u>	<u>-</u>	<u>145,886</u>
Net Change in Fund Balance	(156,935)	-	(156,935)
Fund Balance - Beginning of Year	<u>518,964</u>	<u>30,203</u>	<u>549,167</u>
Fund Balance - End of Year	<u>\$ 362,029</u>	<u>\$ 30,203</u>	<u>\$ 392,232</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DOERUN, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds \$ (156,935)

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (53,444)

Governmental funds recognize expenditures for insurance using the purchases method. However, the Statement of Activities uses the consumption method and thus only the amount of insurance benefits consumed are recognized. (2,703)

Change in net position of governmental activities \$ (213,082)

CITY OF DOERUN, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

Assets	Business-Type Activities - Enterprise Funds				
	Water & Sewer	Electric	Gas	Cable TV	Totals
Current Assets:					
Cash - Capital Lease Proceeds	\$ -	\$ 574,370	\$ -	\$ -	\$ 574,370
Cash (Investments)	-	465,389	-	-	465,389
Accounts receivable, net of allowance for doubtful accounts	27,292	66,690	98,172	8,334	200,488
Inventory	2,350	5,000	1,525	2,500	11,375
Prepaid items	1,332	1,332	1,332	1,332	5,328
Due from other funds	-	5,861	143,760	-	149,621
Total Current Assets	30,974	1,118,642	244,789	12,166	1,406,571
Non-Current Assets:					
Capital assets, net of accumulated depreciation	969,134	249,932	87,183	16,469	1,322,718
Total Non-Current Assets	969,134	249,932	87,183	16,469	1,322,718
Total Assets	\$ 1,000,108	\$ 1,368,574	\$ 331,972	\$ 28,635	\$ 2,729,289
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 5,754	\$ 70,806	\$ 2,684	\$ 2,862	\$ 82,106
Compensated Absences	1,682	3,886	336	-	5,904
Accrued Liabilities	488	5,450	5,365	-	11,303
Due to other funds	349	-	-	31,877	32,226
Customer Deposits	5,262	21,970	15,584	10,139	52,955
Capital Leases - Short Term Portion	-	20,000	-	-	20,000
Total Current Liabilities	13,535	122,112	23,969	44,878	204,494
Non-Current Liabilities:					
Capital Leases - Long-Term Portion	-	760,833	-	-	760,833
Total Non-Current Liabilities	-	760,833	-	-	760,833
Total Liabilities	13,535	882,945	23,969	44,878	965,327
Net Position					
Investment in capital assets, net of related debt	969,134	63,469	87,183	16,469	1,136,255
Unrestricted	17,439	422,160	220,820	(32,712)	627,707
Total Net Position	986,573	485,629	308,003	(16,243)	1,763,962
Total Liabilities & Fund Equity	\$ 1,000,108	\$ 1,368,574	\$ 331,972	\$ 28,635	\$ 2,729,289

The accompanying notes are an integral part of these financial statements.

CITY OF DOERUN, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				
	Water & Sewer	Electric	Gas	Cable TV	Totals
Operating Revenues					
Charges for services	\$ 208,589	\$ 900,951	\$ 539,670	\$ 87,791	\$ 1,737,001
Rents, refunds and miscellaneous	18,000	1,227	-	210	19,437
Miscellaneous revenue	5,745	-	-	-	5,745
Total Operating Revenues	<u>232,334</u>	<u>902,178</u>	<u>539,670</u>	<u>88,001</u>	<u>1,762,183</u>
Operating Expenses					
Salaries and benefits	67,013	41,098	46,525	-	154,636
Supplies	69,894	605,086	242,612	101,749	1,019,341
Other services and charges	50,734	63,990	33,702	13,649	162,075
Depreciation	38,482	5,967	3,963	4,018	52,430
Miscellaneous	4,928	14,896	-	2,710	22,534
Total Operating Expenses	<u>231,051</u>	<u>731,037</u>	<u>326,802</u>	<u>122,126</u>	<u>1,411,016</u>
Operating Income (Loss)	<u>1,283</u>	<u>171,141</u>	<u>212,868</u>	<u>(34,125)</u>	<u>351,167</u>
Non-Operating Revenues (Expenses)					
Interest income	-	41	-	-	41
Interest expense	-	(21,165)	-	-	(21,165)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(21,124)</u>	<u>-</u>	<u>-</u>	<u>(21,124)</u>
Income (loss) before contributions and transfers	<u>1,283</u>	<u>150,017</u>	<u>212,868</u>	<u>(34,125)</u>	<u>330,043</u>
Contributions and Transfers					
Transfers (out)	(37,835)	(73,691)	(34,207)	(153)	(145,886)
Total Contributions and Transfers	<u>(37,835)</u>	<u>(73,691)</u>	<u>(34,207)</u>	<u>(153)</u>	<u>(145,886)</u>
Change in Net Position	(36,552)	76,326	178,661	(34,278)	184,157
Net Position - Beginning of Year	<u>1,023,125</u>	<u>409,303</u>	<u>129,342</u>	<u>18,035</u>	<u>1,579,805</u>
Net Position - End of Year	<u>\$ 986,573</u>	<u>\$ 485,629</u>	<u>\$ 308,003</u>	<u>\$ (16,243)</u>	<u>\$ 1,763,962</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DOERUN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				
	Water & Sewer	Electric	Gas	Cable TV	Totals
Cash Flows From Operating Activities					
Cash received from customers	\$ 229,004	\$ 902,168	\$ 499,378	\$ 89,772	\$1,720,322
Cash payments to suppliers for goods and services	(121,556)	(657,464)	(418,646)	(89,619)	(1,287,285)
Cash payments to employees for services	(67,013)	(41,098)	(46,525)	-	(154,636)
Net Cash Provided by Operating Activities	40,435	203,606	34,207	153	278,401
Cash Flows From Non-Capital Financing Activities					
Transfer (Out)	(37,835)	(73,691)	(34,207)	(153)	(145,886)
Net Cash Provided (Used) by Non-Capital Financing Activities	(37,835)	(73,691)	(34,207)	(153)	(145,886)
Cash Flows From Capital & Related Financing Activities					
Capital Lease Proceeds	-	793,000	-	-	793,000
Acquisition and construction of capital assets	(2,600)	(218,671)	-	-	(221,271)
Capital Lease Principal Repaid	-	(12,167)	-	-	(12,167)
Interest expense	-	(21,165)	-	-	(21,165)
Net Cash Provided (Used) for Capital & Related Financing Activities	(2,600)	540,997	-	-	538,397
Cash Flows From Investing Activities					
Interest income	-	41	-	-	41
Net Cash from Investing Activities	-	41	-	-	41
Net Increase (Decrease) in Cash & Cash Equivalents	-	670,953	-	-	670,953
Cash & Cash Equivalents at Beg. of Year	-	368,806	-	-	368,806
Cash & Cash Equivalents at End of Year	\$ -	\$ 1,039,759	\$ -	\$ -	\$1,039,759

The accompanying notes are an integral part of these financial statements.

CITY OF DOERUN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				
	Water & Sewer	Electric	Gas	Cable TV	Totals
Reconciliation of Operating Income To Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 1,283	\$ 171,141	\$ 212,868	\$ (34,125)	\$ 351,167
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	38,482	5,967	3,963	4,018	52,430
Change in assets & liabilities:					
(Increase) decrease in accounts receivable	(3,330)	(10)	(40,292)	1,771	(41,861)
(Increase) decrease in prepaid items	2,751	3,774	3,518	(1,333)	8,710
Increase (decrease) in accounts payable	5,754	20,589	2,685	(1,805)	27,223
Increase (decrease) in sales taxes payable	-	(3,664)	(5,328)	-	(8,992)
Increase (decrease) in compensated absences payable	327	97	(4,577)	-	(4,153)
Increase (decrease) in accrued liabilities	(54)	5,186	5,130	-	10,262
Increase (decrease) in deposits	(5,127)	6,387	-	(250)	1,010
(Increase) decrease in due from other funds	-	(5,861)	(143,760)	-	(149,621)
Increase (decrease) in due to other funds	349	-	-	31,877	32,226
Net Cash Provided by Operating Activities	\$ 40,435	\$ 203,606	\$ 34,207	\$ 153	\$ 278,401

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

NOTE 1 – REPORTING ENTITY

The City of Doerun, Georgia was incorporated under the provisions of the Basic Charter Act, Act No. 325 of the Laws of 1901 of the State of Georgia, as amended. The City's Charter was last amended by an act of the Georgia General Assembly on August 19, 1922 (GA Laws 1922, P. 751). The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, electric, cable, water, sewer, gas and general administrative services.

As outlined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: (a) part of the primary government; (b) a component unit which should be included in the reporting entity (blended or discretely presented); or (c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit includes: (a) the legal separateness of the organization and (b) the financial accountability of the primary government's ability to impose its will on the potential component unit's fiscal dependency on the primary government. Based upon the application of these criteria, there were no potential component units addressed in defining the reporting entity.

Fire protection service is provided by an independently organized volunteer group. All expenditures paid by the City have been recognized in the General Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Doerun, Georgia conform with accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Changes in Net Position) report information on all the non-fiduciary activities of the primary government. 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 for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by associated program revenues. Program revenues included (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 the governmental fund and the proprietary fund. Individual enterprise activity is reported in separate columns in the fund financial statements.

City of Doerun, Georgia

Notes to Financial Statements

For the Fiscal Year Ended December 31, 2013

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting principles of the City of Doerun, Georgia conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and in conjunction with the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the GASB.

The GASB has issued Statement No. 34. This statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 took effect for entities the size of the City of Doerun, Georgia during the fiscal year ended December 31, 2004. One of the changes required by GASB 34 is the presentation of current and accumulated depreciation by activity including the recording and presentation of infrastructure assets. Another important change is the requirement to present original adopted budgets, as well as the final amended budgets in the budgetary comparison statements.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 available when they are collectable within the current period or soon enough thereafter to pay liabilities for 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, as well as expenditures related to compensated absences, and claims and adjustments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, charges for services, grants from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Government Reports the Following Governmental Funds:

The **General Fund** is the government'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 **SPLOST Capital Projects Fund** accounts for the receipt and expenditure of the 1% Special Purpose Local Option Sales Tax funds.

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

The Government Reports the Following Proprietary Funds:

The **Water & Sewer Fund** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration operations, maintenance, billing & collection.

The **Electric Fund** accounts for the provision of electric service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Gas Fund** accounts for the provision of gas service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Cable TV Fund** accounts for the provision of cable TV service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

These enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are arm's length transactions between the funds of the government, where such elimination would distort the direct costs and program revenues reported for the various functions concerned.

The proprietary fund distinguishes 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. The principal operating revenues of the government's proprietary fund are charges to customers for sales and services. The water & sewer, electric and natural gas operations will recognize as operating revenue the portion of tap or connection fees intended to recover the cost of connecting new customers to the systems. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

CASH AND CASH EQUIVALENTS

Cash shown on the balance sheet includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. This definition of cash and cash equivalents is used in the preparation of the Statement of Cash Flows for proprietary fund types.

INVESTMENTS

Investments for the City are reported at fair value.

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

INVENTORIES

Inventories are valued at the lower-of-cost-or-market (first-in, first-out) using the purchase method of accounting for inventories.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$500 and an estimated useful life of more than one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The City completed its capital asset inventories during the year 2000 and the General Capital Asset Account has \$80,000 in estimated asset costs.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	25-50 years
Utility systems	25-30 years
Buildings	10-20 years
Improvements	10-50 years
Machinery & Equipment	5-10 years

General infrastructure assets acquired prior to January 1, 2002, are not reported in the financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to January 1, 2002.

BUDGETS AND BUDGETARY ACCOUNTING

The City prepares and legally adopts an annual budget for its general and proprietary funds and project-length budgets for its capital projects funds on a basis consistent with generally accepted accounting principles. The budget may be prepared by the City Clerk, Mayor and/or City Council.

The budget calendar for the City is as follows:

Sept. 15:	Distribute budget request forms to all Department Heads.
Sept. 30:	Compile nine (9) month figures for current year revenues and expenses.
Sept. 15 – Oct. 15:	Budget officer of committee develops estimates for coming fiscal year.
Oct. 15 – Nov. 1:	Compile non-department appropriations (i.e. insurance, pension requirements, etc.) by date and amounts. Consolidate all other expenditure estimates.
Nov. 1 – 15:	Present proposed budget to Mayor and Council for review and changes. The final draft of budget is presented to Mayor and Council for adoption.
Nov. 15 – Dec. 1:	Advertise public budget hearing, not less than 10 days prior to hearing.

City of Doerun, Georgia

Notes to Financial Statements

For the Fiscal Year Ended December 31, 2013

Dec. 1 – Jan. 1:	The governing body holds public hearing.
Jan. 1:	The budget is adopted at organizational meeting.

The 2013 budget for the City was formally adopted on February 4, 2013 and no amendment's were made.

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 object level within departments.

COMPENSATED ABSENCES

Annual Leave – Permanent, full-time City employees are entitled to five days annual leave with one to five years of continuous service. Employees with five to ten years continuous service may earn ten days annual leave and employees with over ten years continuous service earn fifteen days annual leave.

Regardless of length of service, employees may accumulate up to 240 hours plus, for employees with over ten years of service, an additional eight hours for each year, not to exceed an additional 120 hours and a total of 360 hours.

Sick Leave – Sick leave may be accumulated to a maximum of 720 hours, however, eligible employees may only take up to eighty hours per year.

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee, the amount of such payments cannot be reasonably estimated and the City does not consider the potential liability material.

ENCUMBRANCES

There were no material purchase orders, contracts or other commitments at year-end which could have been encumbered. The City does not follow encumbrance accounting procedures.

RESTRICTIONS

The City records restrictions to indicate that a portion of the fund balance is legally segregated for specific future use.

The City had \$30,203 in SPLOST funds restricted for capital projects at year-end.

INTERFUND RECEIVABLES/PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

PREPAID ITEMS

Certain payments to vendors reflect cost applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements.

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

RESTRICTED ASSETS

Restricted assets in the enterprise funds represent customer deposits in the Electric, Water and Sewer, Cable TV and Natural Gas Funds.

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.

FUND EQUITY

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

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

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

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City of Doerun, Georgia

Notes to Financial Statements

For the Fiscal Year Ended December 31, 2013

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from these estimates.

NOTE 3 – GOVERNMENTAL ASSOCIATIONS

Related Organizations

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. The following entity is a related organization:

Housing Authority of the City of Doerun

The above organization administers federal funding and/or other financing for improvement of housing conditions in the City. The governing board is appointed by the City Council. The City has no significant influence over the management, budget, or policies of the Housing Authority of the City of Doerun. The Housing Authority reports independently. Audited financial statements are available from the Housing Authority.

Joint Venture

The City of Doerun, in conjunction with cities and counties in the fourteen (14) county Southwest Georgia area, are members of the Southwest Georgia Regional Commission (RC). Membership in the RC is automatic for each municipality and county in the state. The official code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational 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 for the county.

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

or municipality to serve as the non-public Board member from a county. Separate financial statements of the RC can be obtained from the RC office.

The Georgia Planning Act of 1989 (O.C.G.A.) 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).

NOTE 4 – CASH AND INVESTMENTS

The City's deposits at year-end were entirely covered by federal depository insurance or collateral held by the City's custodial bank in the City's name or held by a third party bank in the City's name.

The City had no custodial credit risk as of December 31, 2013 as it relates to bank deposits because they are either FDIC insured or collateralized with securities held by the City's custodial bank in the City's name or held by a third party bank in the City's name.

Statutes authorize the City to invest in obligations of this state or other states, obligations issued by U.S. Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the U.S. obligations of any corporation of the U.S. Government, prime bankers acceptances, the Local Government Investment Pool established by state law, repurchase agreements and obligations of other political subdivisions of this state.

The City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. Accordingly, the City's investments in the Georgia Fund 1 have been determined based upon the pool's share price. The pool is not registered with the SEC as an investment company. The title to all investments, including collateral pledged to secure certificates of deposit, is held in the custody of the Office of the State Treasurer, State of Georgia in accordance with Georgia law. The investment pool is regulated by the Office of the State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

The investment in Georgia Fund 1 is recorded at cost plus accrued interest, which approximates market value.

Proprietary fund investments are held by Wachovia Bank, NA in the Municipal Competitive Trust. The Municipal Competitive Trust consists of pooled funds from the members of MEAG and is invested in United States Government securities held in the name of the Municipal Competitive Trust and allocated to members based on shares of ownership in the trust. Investments are stated at fair values based on quoted market prices. The investments are classified as uninsured and uncollateralized because the securities are held by the Wachovia Bank, NA in the name of the Municipal Competitive Trust. No indication of the level of risk has been provided because these investments are in pools managed by other governments or by other agents.

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

NOTE 5 – PROPERTY TAXES

The City's 2013 property tax calendar is as follows:

1. Property taxes were assessed on August 1st.
2. Collections were due from October 1st to December 20th.
3. Property taxes attach as an enforceable lien on property as of January 1. The City contracted with the Colquitt County Tax Commissioner to bill and collect its 2013 property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables, i.e. available.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 128,852	\$ -	\$ -	\$ 128,852
Total capital assets, not being depreciated	<u>128,852</u>	<u>-</u>	<u>-</u>	<u>128,852</u>
Capital assets, being depreciated:				
Infrastructure	256,381	-	-	256,381
Buildings and Improvements	898,300	-	-	898,300
Equipment and Vehicles	397,354	-	-	397,354
Furniture & Fixtures	<u>31,746</u>	<u>-</u>	<u>-</u>	<u>31,746</u>
Total capital assets being depreciated	<u>1,583,781</u>	<u>-</u>	<u>-</u>	<u>1,583,781</u>
Less accumulated depreciation:				
Infrastructure	(51,859)	(5,128)	-	(56,987)
Buildings and Improvements	(288,695)	(33,441)	-	(322,136)
Equipment and Vehicles	(355,952)	(14,074)	-	(370,026)
Furniture & Fixtures	<u>(27,185)</u>	<u>(802)</u>	<u>-</u>	<u>(27,987)</u>
Total accumulated depreciation	<u>(723,691)</u>	<u>(53,444)</u>	<u>-</u>	<u>(777,135)</u>
Total capital assets, being depreciated, net	<u>860,090</u>	<u>(53,444)</u>	<u>-</u>	<u>806,646</u>
Governmental activities capital assets, net	<u>\$ 988,942</u>	<u>\$ (53,444)</u>	<u>\$ -</u>	<u>\$ 935,498</u>

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

NOTE 6 – CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	\$ 7,004
Fire	870
Public Safety	8,948
Public Works	12,660
Parks and Recreation	23,962
Total depreciation expense-governmental activities	<u>\$ 53,444</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets, being depreciated:				
Water & Sewer System	\$ 1,703,073	\$ -	\$ -	\$ 1,703,073
Water System Equipment	77,251	-	-	77,251
Electric System Equipment	167,322	221,271	-	388,593
Natural Gas System	279,768	-	-	279,768
Natural Gas Equipment	30,845	-	-	30,845
Cable TV System	104,806	-	-	104,806
Cable TV Equipment	81,738	-	-	81,738
Total capital assets				
being depreciated:	<u>2,444,803</u>	<u>221,271</u>	<u>-</u>	<u>2,666,074</u>
Less accumulated depreciation:				
Water & Sewer System	(711,522)	(33,558)	-	(745,080)
Water System Equipment	(63,786)	(4,893)	-	(68,679)
Electric System Equipment	(130,094)	(5,998)	-	(136,092)
Natural Gas System	(188,622)	(3,963)	-	(192,585)
Natural Gas Equipment	(30,845)	-	-	(30,845)
Cable TV System	(101,640)	(169)	-	(101,809)
Cable TV Equipment	(64,417)	(3,849)	-	(68,266)
Total accumulated depreciation	<u>(1,290,926)</u>	<u>(52,430)</u>	<u>-</u>	<u>(1,343,356)</u>
Total capital assets, being depreciated, net	<u>1,153,877</u>	<u>168,841</u>	<u>-</u>	<u>1,322,718</u>
Business-type activities capital assets, net	<u>\$ 1,153,877</u>	<u>\$ 168,841</u>	<u>\$ -</u>	<u>\$ 1,322,718</u>

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

NOTE 7 – RETIREMENT PLAN

Plan description. The City participates in the Georgia Municipal Employees' Benefit System (GMEBS), an agent multiple – employer public retirement system that acts as a common investment and administrative agent for the cities in Georgia. GMEBS is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. These benefit provisions and all other requirements are established by state statute and City ordinance obligations to contribute are established by Council resolutions; amendments to the plan must also be authorized by resolution of the Council. Employees are not required to contribute to the plan. GMEBS was created and is governed by Georgia Statute, O.C.G.A. 47-5-2. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303 or by calling (404) 688-0472.

All full-time employees other than those specifically excluded by the plan and elected and appointed members of the City are eligible to participate in the plan when they have completed one year of continuous service. Employees are entitled to receive retirement benefits at age 65 with five years of service calculated under a split 1.25% - 2.0% benefit formula with no cost-of-living increases; extended death benefits which covers all participants, regardless of age or length of service; and a 20% minimum disability benefit when the employee becomes entitled to social security disability benefits. The City utilizes a ten year vesting schedule. Benefits are in the form of a life annuity.

Funding policy. The City contributes the full amount necessary to fund the plan, using minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The City's funding policy for the plan is to contribute an amount equal to the pension expense in each year. Employees are not required to contribute to the plan. The current rate of contribution for the City is 9.80% of covered payroll.

Annual pension cost. The required contribution was determined as a part of the July 1, 2012 annual actuarial valuation using the projected unit credit actuarial assumptions which included (a) a 7.75% investment rate of return, (b) projected salary increases of 3.5% plus age and service based merit increases and (c) post retirement benefit increases of 3.0% per year, life expectancy of participants and retirement age of 65 years. The period and related method for amortizing the initial unfunded actuarial is 30 years from February 1, 1987 and current changes in the unfunded actuarial accrued liability over thirty years as a level dollar amount, plus interest to the date contributions are made.

Annual Pension Cost and Net Pension Obligation. The City has paid 100% of the required contribution of \$21,316 and therefore does not have a net pension obligation. The City pays the recommended pension contribution representing the annual pension cost.

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City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

<u>Fiscal Period Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1/1/2007	\$ 34,771	100.0%	\$ -
1/1/2008	\$ 37,295	100.0%	\$ -
1/1/2009	\$ 50,800	82.2%	\$ 13,926
7/1/2010	\$ 50,800	100.0%	\$ -
7/1/2011	\$ 30,767	100.0%	\$ -
7/1/2012	\$ 23,588	100.0%	\$ -
7/1/2013	\$ 21,316	100.0%	\$ -

The amortization period for any unfunded actuarial accrued liability is closed.

Significant Actuarial Assumptions: The significant actuarial assumptions used to compute the actuarial liability and the annual recommended or required minimum contribution of the plan meet the Actuarial Standard of Practice No. 5, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation as of July 1, 2014 are:

Rate of return on investment:	7.75% per year
Projected salary increased for	
Inflation	3.00% per year
Merit or seniority	.50% per year
Post Retirement Benefits	N/A

The sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Liability (AAL) (B)</u>	<u>Unfunded / (Surplus) AAL (UAAL) (B) - (A)</u>	<u>Funded Ratio (A) / (B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll [(B) - (A)] / C</u>
1/1/2007	\$ 455,563	\$ 552,675	\$ 97,112	82.43%	\$ 208,361	46.61%
1/1/2008	\$ 499,261	\$ 586,926	\$ 87,665	85.06%	\$ 214,058	40.95%
1/1/2009	\$ 438,211	\$ 625,443	\$ 187,232	70.06%	\$ 231,021	81.05%
7/1/2010	\$ 600,752	\$ 659,569	\$ 58,817	91.08%	\$ 173,605	33.88%
7/1/2011	\$ 646,416	\$ 666,647	\$ 20,231	96.97%	\$ 185,000	10.94%
7/1/2012	\$ 673,917	\$ 740,273	\$ 66,356	91.04%	\$ 302,188	21.96%
7/1/2013	\$ 701,191	\$ 734,417	\$ 33,226	95.48%	\$ 185,910	17.87%
7/1/2014	\$ 723,905	\$ 743,487	\$ 19,582	97.37%	\$ 215,544	9.08%

* Not less than zero.

Deferred Compensation Plan. The City provides a deferred compensation program for its employees. The plan is administrated by Nationwide Retirement. All employees of the City are eligible to participate

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

in the plan. Contributions are from the employees only. The City does not make any contributions to the plan. Employee contributions are limited to 25% of the participant's income in accordance with Section 457 of the Internal Revenue Code.

NOTE 8 – INTERFUND BALANCES AND ACTIVITIES

Transfers To/From Other Funds

Transfers to/from other funds at December 31, 2013 consisted of the following:

	<u>Transfer In</u>	
Transfer Out	<u>General Fund</u>	<u>Total</u>
Enterprise Funds:		
Water and Sewer	\$ 37,835	\$ 37,835
Gas	34,207	34,207
Electric	73,691	73,691
Cable	153	153
	<u> </u>	<u> </u>
Totals	<u>\$ 145,886</u>	<u>\$ 145,886</u>

Governmental Activities:	
Total Transfers Out	\$ -
Less: Transfer In from	
Business-Type Activities	<u>145,886</u>
Net Transfers In	<u>\$ 145,886</u>

Business-Type Activities:	
Total Transfers In	\$ 145,886
Less: Transfer to	
Governmental Activities	<u>-</u>
Net Transfers In	<u>\$ 145,886</u>

Transfers of \$145,886 made from the Enterprise Funds to the General Fund were for general operating purposes.

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City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2013, is as follows:

Due to/from other funds:

	Interfund Receivable (Due From)	Interfund Payable (Due To)
Governmental Funds		
General Fund	\$ 31,877	\$ 30,203
General fund	349	149,621
SPLOST Capital Projects Fund	30,203	-
	<hr/>	<hr/>
Sub-total General Fund	62,429	179,824
	<hr/>	<hr/>
Proprietary Funds		
Electric Fund	5,861	-
Gas Fund	143,760	-
Water and Sewer Fund	-	349
Telecommunications Fund	-	31,877
Sub-total Proprietary Funds	149,621	32,226
	<hr/>	<hr/>
Totals	\$ 212,050	\$ 212,050
	<hr/>	<hr/>

Balances due to the SPLOST Fund are as follows:

SPLOST proceeds that were transferred to General Fund for qualified SPLOST
\$ 30,203 expenditures, but have not been spent or paid back to the SPLOST Fund.

All other inter-fund loans were for general operating purposes.

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City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

NOTE 9 – LIABILITIES PAYABLE WITH RESTRICTED ASSETS

Restricted assets are comprised of cash and investments as follows:

	General Fund	Electric Fund	Gas Revenue Fund	Cable TV Fund	Water & Sewer Fund	Total
Customer Deposits	\$ 12,058	\$ 21,970	\$ 15,584	\$ 10,139	\$ 5,262	\$ 65,013
Doerun Peanut - Culvert Escrow	5,000	-	-	-	-	5,000
Totals	<u>\$ 17,058</u>	<u>\$ 21,970</u>	<u>\$ 15,584</u>	<u>\$ 10,139</u>	<u>\$ 5,262</u>	<u>\$ 70,013</u>

NOTE 10 – COMMITMENTS

The City contracts with a private company to provide garbage removal service. The contract provides for the City to pay \$12.48 per month for each customer receiving garbage removal service. The fee for businesses is \$183.59 for an eight yard container and \$45.90 for a four yard container.

On May 2, 2006, under an agreement with Colquitt County, the City began receiving monies from the Special Purpose Local Option Sales Tax for various projects which were approved by the referendum approved by the voters of Colquitt County assessing the tax. The agreement runs for six years. \$520,003 was accrued to the benefit of the City of Doerun from March 1, 2007 through December 31, 2013 and is being held by Colquitt County until requested for use by the City. Expenditures in the amount of \$495,250 have been made from this tax through the year ended December 31, 2013 for the purposes listed on the Schedule of Special Purpose Local Option Sales Tax as listed in the Table of Contents. The unspent tax revenue accrued to the benefit of the City has not been shown as revenue in these basic financial statements since it has not been requested nor received and will be shown as revenue when it is requested by the City. The amount of \$58,563 is shown as revenue during the year ended December 31, 2013.

The 2007 referendum was held to determine whether to impose a 1% Special Purpose Local Option Sales Tax in Colquitt County, Georgia. This referendum was passed with part of the revenue collected being designated for the City of Doerun as detailed on the Schedule of Special Purpose Local Option Sales Tax as listed in the Table of Contents. The tax period for this referendum is not to exceed six calendar years.

SPLOST Funds are collected and maintained in the custody of Colquitt County until the City presents a qualified capital expenditure. The County then transfers the needed funds to the City so expenditures can be paid. Colquitt County has \$58,664 from the 2007 and \$ 84,574 from the 2013 referendums designated cash for the City to use for qualified capital expenditures as of December 31, 2013.

Municipal Electrical Authority of Georgia (MEAG) – The City of Doerun, Georgia is one of approximately 50 participants who have entered into Power Sales Contracts with the Municipal Electrical Authority of Georgia (the Authority). Under these contracts, the Authority has agreed to provide to the participants, and the participants have agreed to take from the Authority, such output and services from the various

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects.

In general, the Power Sales Contracts provide that if, at any time, (a) a project is terminated prior to completion, (b) a project is declared by the Authority to be totally and permanently retired from services or (c) a project is totally but not permanently out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to as an "Obligation Share" of the Authority's costs attributable to such projects. In case of default by a participant under its Contracts relating to any of the various projects, such participant would remain liable to pay the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales Contracts are not subject to reduction, whether by offset or otherwise, and will be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, has been paid or provision has been made for their payment.

The City, by approved resolution, adopted the provisions of the Municipal Competitive Trust (the Trust) which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust creates an account for the City of Doerun within which up to five subaccounts may be created by the Beneficiary. The City of Doerun has created and participates in the following subaccounts:

Credit Support Operating Trust Account. This subaccount may be funded from the funds allocated to the Beneficiary's account in MEAG's Rate Stabilization Reserve Fund or the Beneficiary's Discretionary Reserve with MEAG, or from other available funds. Prior to the Actual Deregulation Date (12/31/2018), these funds may only be withdrawn to mitigate wholesale cost or rate increases. The City of Doerun did not withdraw these funds prior to December 31, 2013. The balance in the Credit Support Operating Trust Account at December 31, 2013 was \$644.51

Flexible Operating Account. This subaccount may be funded from contributions by a Beneficiary from any funds it has available for such purposes. While the City has the right to withdraw these funds at its discretion, no funds were withdrawn from this account during the year ended December 31, 2013. The balance in the Flexible Operating Trust Account at December 31, 2013 was \$465,388.88 and has been recorded as an asset of the City.

Reserve Funded Debt Trust Account. This subaccount may be funded from contributions by MEAG from any funds it has available for such purposes. The City has no right to withdraw these funds unless MEAG consents in writing. In the event that MEAG consents to the withdrawal, the withdrawn funds shall be applied to the outstanding balance of the Beneficiary's current Monthly Billings on account of its entitlement or obligation share(s) under its Power Sales Contract of MEAG's annual Project Generation Fixed Charges. After December 31, 2025, the City may have any remaining funds in this

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

subaccount applied to its obligations for debt service, if any, or dispersed to the City if its obligations for debt service are fulfilled. As of December 31, 2013, the balance in the Reserve Funded Debt Trust Account was \$318,998.48.

At December 31, 2013, MEAG's outstanding principal portion of the debt was \$6,014,098,312. The City of Doerun's guarantee varies by individual projects undertaken by the Authority and the principal portion was \$3,702,386 at December 31, 2013.

Municipal Gas Authority of Georgia – The City has entered into a contract for natural gas purchases with the Municipal Gas Authority of Georgia (MGAG). MGAG is an association of approximately 70 cities. MGAG has issued bonded debt to purchase various natural gas properties and has contracted for other natural other gas supplies. The City of Doerun has an "Obligation Share" of these commitments under terms substantially the same as the agreements documented in the above paragraph.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

Coverages are as follows:

	Coverage	Per Occurrence Deductible
COVERAGE DESCRIPTION - PROPERTY:		
Buildings and Contents (Blanket)	\$ 2,420,580	\$ 1,000
Physical Damage Per application on file with GIRMA		\$ 1,000
COVERAGE DESCRIPTION - CASUALTY:		
Comprehensive General Liability	\$ 1,000,000	\$ 1,000
Automobile Liability	\$ 1,000,000	\$ 1,000
Errors and Omissions (Public Officials) Liability	\$ 1,000,000	\$ 1,000
Law Enforcement Liability	\$ 1,000,000	\$ 1,000
COVERAGE DESCRIPTIONS - CRIME:		
Blanket Bond	\$ 500,000	
Despositors Forgery	\$ 500,000	
Money and Security - Loss inside/outside premises	\$ 500,000	

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the Funds and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the Funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Funds.

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

The Funds are to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The Funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

Settled claims in past three years have not exceeded the coverage.

NOTE 12 – CONTINGENT LIABILITIES

At year-end, to the best of the City's knowledge, there was no pending or threatened litigation against the City of Doerun, Georgia and there were no unasserted claims or assessments.

Amounts received 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 agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 13 – CHANGES IN LONG-TERM DEBT

A summary of the changes in the long-term debt are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences	\$ 4,335	\$ 2,955	\$ 2,855	\$ 4,435	\$ -
Totals	<u>\$ 4,335</u>	<u>\$ 2,955</u>	<u>\$ 2,855</u>	<u>\$ 4,435</u>	<u>\$ -</u>
Business-type activities:					
MEAG Capital Lease	\$ -	\$ 793,000	\$ 12,167	\$ 780,833	\$ 20,000
Compensated absences	10,057	3,740	7,893	5,904	-
Totals	<u>\$ 10,057</u>	<u>\$ 796,740</u>	<u>\$ 20,060</u>	<u>\$ 786,737</u>	<u>\$ 20,000</u>

Governmental funds' compensated absences are liquidated using General Fund resources.

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City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

MEAG Capital Lease

On May 10, 2013, the City of Doerun entered into a loan agreement with the Municipal Electric Corporation of Georgia (MEAG) in an amount up to \$793,000. The purpose of this capital lease is for maintenance and improvement to the electric distribution system.

Debt service requirements on long-term debt at December 31, 2013 are as follows:

Year Ending December 31	Business-Type Activities - Capital Leases		
	Principal	Interest	Totals
2014	\$ 20,000	\$ 40,162	\$ 60,162
2015	20,000	39,162	59,162
2016	20,000	38,162	58,162
2017	20,000	37,162	57,162
2018	20,000	36,162	56,162
2019	25,000	35,162	60,162
2020	25,000	33,912	58,912
2021	25,000	32,662	57,662
2022	25,000	31,412	56,412
2023	25,000	30,162	55,162
2023-2028	160,000	159,475	319,475
2029-2033	200,000	85,263	285,263
2034-2038	195,833	25,717	221,550
Totals	\$ 780,833	\$ 624,575	\$ 1,405,408

NOTE 14 – FUND EQUITY

Fund Balances:

- **Unassigned** – The following fund balances are unassigned:

General Fund	
Fund Balance	\$ 362,029
Total	\$ 362,029

NOTE 15 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of expenditures over appropriations

Section 1200.112 and 2300.106L of GASB Standards requires that material violations of finance - related and contractual provisions be disclosed. The City was in violation of the following State statute during the year ending December 31, 2013:

City of Doerun, Georgia
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2013

Law Section - O.C.G.A. 36-81-3 & 36-81-5

The City exceeded its budget at the "legal level of control" in the following department(s):

<u>Department</u>	<u>Fund</u>	<u>Balance Over Budget</u>
Financial Administration	General	\$ 55,014

Georgia Statutes (O.C.G.A. 36-81-5(b)) defines the "legal level of control", at a minimum, to be the department level.

B. Commingled SPLOST funds

The City was in violation of the following State statute during the year ending December 31, 2013:

Law Section – O.C.G.A. 48-8-121

The City commingled \$30,203 of SPLOST proceeds in the General Fund.

Georgia Statutes (O.C.G.A. 48-8-121) states that SPLOST proceeds shall be kept in a separate account from other funds of such city and each qualified municipality prior to the expenditure.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOERUN, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	\$ 158,150	\$ 158,150	\$ 124,947	\$ (33,203)
Licenses & Permits	11,200	11,200	6,988	(4,212)
Intergovernmental	-	-	20,828	20,828
Fines, Forfeitures & Penalties	100,000	100,000	62,626	(37,374)
Charges for Services	110,955	110,955	126,806	15,851
Investment Income	7,000	7,000	1,014	(5,986)
Miscellaneous	19,500	19,500	12,899	(6,601)
Total Revenues	406,805	406,805	356,108	(50,697)
EXPENDITURES				
General Government				
Financial Administration Department	162,602	162,602	217,616	(55,014)
Total General Government	162,602	162,602	217,616	(55,014)
Public Safety				
Police Department	343,453	343,453	263,056	80,397
Fire Department	2,250	2,250	1,113	1,137
Total Public Safety	345,703	345,703	264,169	81,534
Public Works				
Sanitation	77,000	77,000	55,116	21,884
Streets	144,050	144,050	122,028	22,022
Total Public Works	221,050	221,050	177,144	43,906
Total Expenditures - All Departments	729,355	729,355	658,929	70,426
Net Excess before Transfers	(322,550)	(322,550)	(302,821)	19,729
OTHER FINANCING SOURCES (USES)				
Sale of assets	1,000	1,000	-	(1,000)
Transfers In (Out)				
Transfers In	321,550	321,550	153,003	(168,547)
Transfers (out)	-	-	(7,117)	(7,117)
Total Other Financing Sources (Uses)	322,550	322,550	145,886	(176,664)
Net Excess after Transfers	\$ -	\$ -	\$ (156,935)	\$ (156,935)

CITY OF DOERUN, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

Budget and Budgetary Accounting

The City prepares and legally adopts an annual budget for its general and proprietary funds and project-length budgets for its capital projects funds on a basis consistent with generally accepted accounting principles. The budget may be prepared by the City Clerk, Mayor and/or City Council.

The budget calendar for the City is as follows:

Sept. 15	Distribute budget request forms to all Department Heads.
Sept. 30	Compile nine (9) month figures for current year revenues and expenses.
Sept. 15 - Oct. 15	Budget officer of committee develops estimates for coming fiscal year.
Oct. 15 - Nov. 1	Compile non-department appropriations (i.e. insurance, pension requirements, etc.) by date and amounts. Consolidate all other expenditure estimates.
Nov. 1 - 15	Present proposed budget to Mayor and Council for review and changes. The final draft of budget is presented to Mayor and council for adoption.
Nov. 15 - Dec. 1	Advertise public budget hearing, not less than ten days prior to hearing.
Dec. 1 - Jan. 1	The Governing Body holds public hearing.
Jan. 1	The budget is adopted at Organizational meeting.

The 2013 budget for the City was formally adopted on February 4, 2013 and amended as necessary to cover any overages.

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.

STATE REPORTING REQUIREMENTS

**CITY OF DOERUN, GEORGIA
SCHEDULE OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2013**

SPLOST 2007 Referendum

Project	Estimated Cost		Expenditure			Estimated Percentage of Completion
	Original	Current	Prior Year	Current Year	Total	
Sewer, Water and Street Improvements	\$ 508,000	\$ 508,000	\$ 495,250	\$ -	\$ 495,250	97.49%
Library Improvements	57,950	57,950	-	-	-	0.00%
Tennis Court Rehabilitation	34,050	34,050	-	-	-	0.00%
Total	\$ 600,000	\$ 600,000	\$ 495,250	\$ -	\$ 495,250	82.54%

**GOVERNMENTAL AUDITING STANDARDS
REQUIREMENTS**

Perry L. Henry, LLC
Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council
City of Doerun, Georgia

We have audited, in accordance with the auditing standard generally accepted in the United States of America and 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 City of Doerun as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Doerun's financial statements, and have issued our report thereon dated April 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Doerun's internal control over financial reporting (internal control) to determine the audit procedure 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 City of Doerun's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Doerun'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 weakness may exist that have not been identified. We did identify certain deficiencies in internal control, described in the

accompanying Schedule of Findings and Responses as item 2007-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Doerun'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 test 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 2011-1 and 2012-1.

The City of Doerun's Response to Findings

The City of Doerun's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Doerun's response was not subjected to the auditing procedure 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.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
April 25, 2015

City of Doerun, Georgia
Schedule of Findings and Responses
December 31, 2013

2007-1

Condition:

The City does not have adequate separation of duties in various functions of the City.

Criteria:

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

- (1) financial reporting,
- (2) effectiveness and efficiency of operation, and
- (3) compliance with applicable laws and regulations.

Cause:

There is an insufficient number of staff to properly segregate functions of all transaction cycles.

Effect:

The City will be exposed to increased risk that the financial statements will be materially misstated whether by error or intentionally could occur and not be detected in a timely manner.

Recommendation:

The City should monitor the control environment and continue to strengthen controls where cost effective.

Management's Response:

Management agrees. A corrective action plan will be issued under a separate cover.

City of Doerun, Georgia
Schedule of Findings and Responses
December 31, 2013

2011-1

Condition:

The City was in violation of State budget statutes for the year ended December 31, 2013 because certain departmental expenditures exceeded their budget at the legal level of control. The Georgia Statutes define the legal level of control, at a minimum, to be at the departmental level. The departments and the budget analysis follow:

	EXPENDITURES		
	BUDGETED	ACTUAL	(EXCESS)
General Fund:			
Department:			
Financial Administration	\$ 162,602	\$ 217,616	\$ (55,014)

Criteria:

State budget statutes require departmental expenditures to not exceed their budget at the legal level of control.

Cause:

Budget to actual numbers were not periodically reviewed with the budget being amended as needed.

Effect:

Expenditures are not managed in accordance with budget statutes and actions of the City Council.

Recommendation:

Emphasize management of expenditures and periodic comparison to the budget.

Management's Response:

Management agrees with finding and will periodically monitor budget and make amendments as necessary. A corrective action plan will be issued under a separate cover.

City of Doerun, Georgia
Schedule of Findings and Responses
December 31, 2013

2012-1

Condition:

The City was in violation of O.C.G.A. 48-8-121 because it commingled SPLOST funds of \$30,203 in the General Fund.

Criteria:

O.C.G.A. 48-8-121 states that SPLOST proceeds shall be used 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 city 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 city and each qualified municipality receiving proceeds of the sales and use tax prior to the expenditure.

Cause:

The City placed SPLOST proceeds in the General Fund with the anticipation of spending those funds very quickly to liquidate payables for a qualified project. The City later decided to use other grant proceeds to retire the same payable and unintentionally left the SPLOST proceeds in the General Fund.

Effect:

The City was in violation of O.C.G.A. 48-8-121.

Recommendation:

Proceeds maintained by the City, anticipated or not, must be maintained in a separate account. An account for such proceeds should be established as needed.

Management's Response:

Management agrees and will review SPLOST requirements prior to requesting proceeds. A corrective action plan will be issued under a separate cover.