

CITY OF PERRY, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2012

CITY OF PERRY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

PREPARED BY:

DEPARTMENT OF ADMINISTRATION

CITY OF PERRY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION

Letter of Transmittal	1 – 4
GFOA Certificate of Achievement	5
Organizational Chart.....	6
List of Principal Officials.....	7

II. FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	8 – 9
---	--------------

MANAGEMENT’S DISCUSSION & ANALYSIS	10 – 18
---	----------------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Assets	19
Statement of Activities.....	20 – 21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	26
Statement of Net Assets – Proprietary Funds	27 – 28
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	29
Statement of Cash Flows – Proprietary Funds.....	30 – 32
Statement of Fiduciary Assets and Liability – Fiduciary Fund	33
Notes to the Financial Statements	34 – 58

CITY OF PERRY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS
(CONTINUED)

Page

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress	59
------------------------------------	----

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Combining Balance Sheet.....	60 – 61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	62 – 63

Special Revenue Funds

Confiscated Assets Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	64
---	----

Hotel/Motel Tax Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	65
---	----

System of Care Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	66
---	----

2008 CDBG Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	67
---	----

Judicial Assistance Grant Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	68
---	----

Statement of Changes in Assets and Liability – Agency Fund	69
--	----

Component Unit

Perry Industrial Building Authority

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	70 – 71
---	---------

CITY OF PERRY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS
(CONTINUED)

Page

III. STATISTICAL SECTION

Fund Information:

Financial Trends

Net Assets by Component.....	72
Changes in Net Assets	73 – 75
Program Revenues by Function / Program	76
Fund Balances, Governmental Funds	77
Changes in Fund Balances, Governmental Funds	78 – 79

Revenue Capacity

Tax revenues by Source, Governmental Funds	80
Assessed Value and Estimated Actual Value of Taxable Property.....	81
Direct and Overlapping Property Tax Rates	82
Principal Property Tax Payers	83
Property Tax Levies and Collections	84
Taxable Sales by Category.....	85
Direct and Overlapping Sales Tax Rates	86

Debt Capacity

Ratios of Outstanding Debt by Type	87
Direct and Overlapping Governmental Activities Debt.....	88
Legal Debt Margin Information.....	89 – 90
Pledged-Revenue Coverage.....	91

Demographic and Economic Information

Demographic and Economic Statistics	92
Principal Employers.....	93
Full-time Equivalent City Government Employees by Function / Program	94 – 95

Operating Information

Operating Indicators by Function / Program.....	96
Capital Asset Statistics by Function / Program.....	97

IV. GOVERNMENTAL REPORTS

STATE OF GEORGIA REQUIREMENTS

Schedule of Projects Constructed with Special Sales Tax Proceeds.....	98
---	----

CITY OF PERRY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS
(CONTINUED)

Page

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	99
Notes to Schedule of Expenditures of Federal Awards.....	100
Summary Schedule of Prior Audit Findings and Questioned Costs.....	101
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	102 – 103
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB</i> <i>Circular A-133</i>	104 – 105
Schedule of Findings and Questioned Costs.....	106 – 109

I. INTRODUCTORY SECTION

(THIS PAGE INTENTIONALLY LEFT BLANK)

City of Perry

1211 Washington Street
P O Box 2030
Perry, Georgia 31069

478-988-2700
Telephone

478-988-2716
Telefax



www.perry-ga.gov

December 13, 2012

The Honorable Mayor, Members of the Governing Council and Citizens
of the City of Perry

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report of the City of Perry for the fiscal year ended June 30, 2012. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Clifton, Lipford, Hardison & Parker, LLC, have issued an unqualified (“clean”) opinion on the City of Perry’s financial statements for the fiscal year ended June 30, 2012. The independent auditor’s report is located in the front of the financial section of this report. In addition to the audit of the financial records, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit organizations. For the fiscal year ended June 30, 2012, the City expended more than \$500,000 in federal funds. The single audit was completed and is included in this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City’s MD&A can be found immediately following the Independent Auditor’s Report.

Profile of the Government

Originally called “Wattsville”, Perry is now known as the “Crossroads of Georgia” because the convergence of US 341, US 41, GA 127 and Interstate 75 provides excellent access to regional and national transportation networks. This prime location has encouraged tourism and growth throughout Perry’s history. The City of Perry was incorporated in 1824 and reincorporated by the General Assembly of Georgia (1983 Georgia Laws, Act No. 144) by enactment of a charter effective July 1, 1983. The City currently occupies a land area of 27.68 square miles. Perry, the

county seat for Houston County, serves a population of 14,516, as estimated by management, and offers a variety of municipal services including police and fire protection, maintenance of streets, parks and recreational activities, judicial services, community development, general administration, water, sewer and natural gas utility services and solid waste services. The City of Perry is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Perry operates under the council-manager form of government. This organizational plan places legislative responsibility for municipal government with the City Council and gives administrative authority to the City Manager. The Council, which consists of the mayor and six council members, levies taxes, enacts ordinances, adopts the annual budget and performs other legislative functions. The Mayor and Council are elected on a staggered non-partisan basis for a term of four years. The mayor is elected citywide. For the purpose of electing council members, the City of Perry is divided into three districts, which consists of two posts each. The members representing each council district shall be elected only by the voters residing in that district and not at large. Upon the recommendation of the mayor, the city council appoints a city manager to manage the government through the development, implementation, and execution of programs and policies established by the Council.

The financial reporting entity of the City of Perry includes all the funds for which the City's elected officials are financially accountable, including its component units. Component units presented are the Perry Area Convention and Visitors Bureau Authority, which promotes tourism for the area, the Downtown Development Authority which supports economic revitalization of the downtown district, and the Perry Industrial Building Authority, which promotes new industry, or expansion of existing industry in the city.

Upon the recommendation of the City Manager and no later than the close of the fiscal year, the City Council adopts the budget for the upcoming fiscal year. The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The budget is prepared by fund, function and department and is closely monitored throughout the year. As conditions change or circumstances are altered, the budget process allows for amendments.

Local Economy

The City's economic future is strongly tied to area economic development including that outside its city limits. Employment of local citizens is balanced between area and local employers, which include the Department of Defense (Robins Air Force Base), Frito Lay, Inc., Houston County, Houston County School System, Houston Hospitals, Perdue Farms Inc., Kroger and Wal-Mart Southeast Division.

An additional boost to the local economy is the Guardian Center, a 830 acre complex currently under construction. This facility is anticipated to be available for use 24/7 throughout the year with the ability to simulate almost any disaster, on almost any scale as well as accommodate up to 7,000 participants at a time to train in a realistic cityscape. It is unlike any other training facility in the world – a modern cityscape that enables realistic, large scale disaster response exercises, with involvement of multiple organizations, from “boots on the ground” first responders to leadership teams from local, state, and federal authorities.

Tourism continues to be a major economic factor for the City of Perry. The Georgia National Fairgrounds and Agricenter attracted 829,547 visitors from January to November 2012 for the GA National Fair and 197 other events. The 23rd Annual Georgia National Fair attendance (445,395) was an increase of 1.2% over 2011.

Despite the national economic conditions and continued foreclosures, the City of Perry issued 176 building permits for new construction starts valued at \$26,442,094.

Long-term Financial Planning

The City met or took into consideration the following fiscal challenges in developing the 2013 budget:

- Include a two percent cost of living adjustment and a one percent merit adjustment for all employees.
- Approve additional funds for increased cost of health insurance and fuel consumption based on current expenses and market increases.
- Implementation of storm water utility district.
- Construct Fire Station #2.
- Contracting out meter reading services.
- No millage rate increase.

Major Initiatives

Led by the Mayor and Council's directions, several tasks were undertaken this fiscal year 2012, which included:

- Annexed 6.78 acres into the City.
- Purchased vehicles and equipment to replace aging fleet.
- Revised pension plan to include a defined contribution plan with an employer match of up to three percent.
- Contracting out gas operations.

Acknowledgements

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and Clifton, Lipford, Hardison & Parker, LLC. We express appreciation to all staff members who contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



R. Lee Gilmour
City Manager



Brenda L. King
Director of Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Perry
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

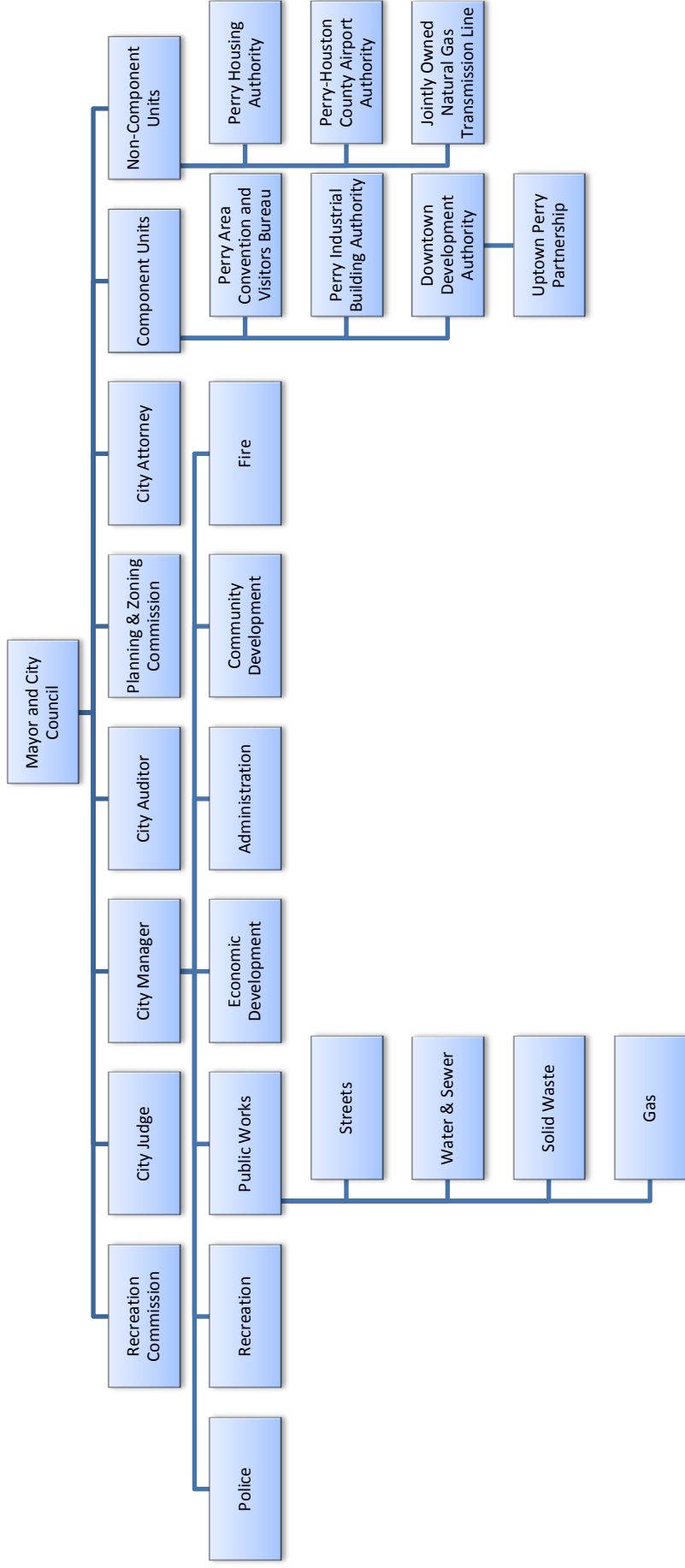
President

Jeffrey B. Emen

Executive Director

CITY OF PERRY, GEORGIA

ORGANIZATION CHART



City of Perry, Georgia
List of Principal Officials
June 30, 2012

Mayor	James E. Faircloth, Jr.
Mayor Pro-Tempore	William R. Jackson
Council Members	
District 1	
Post 1	Phyllis A. Bynum-Grace
Post 2	Willie J. King
District 2	
Post 1	Joe Posey
Post 2	William R. Jackson
District 3	
Post 1	Randal Walker
Post 2	Riley Hunt
City Manager	R. Lee Gilmour
City Attorney	David G. Walker
Director of Administration	Brenda L. King
Director of Public Works	Ronnie T. Jones
Director of Community Development	Michael D. Beecham
Director of Parks and Recreation	Ricky F. Kilgore
Economic Development Coordinator	Mary Beth Bass
Fire Chief	Joel Gray
Police Chief	Vacant

(THIS PAGE INTENTIONALLY LEFT BLANK)

II. FINANCIAL SECTION

(THIS PAGE INTENTIONALLY LEFT BLANK)

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
The City of Perry, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Perry, Georgia as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Perry, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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.

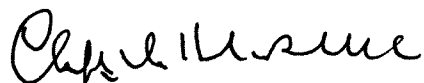
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Perry, Georgia, as of June 30, 2012, and the respective changes in financial position, and where applicable cash flows, and the respective budgetary comparison for the General Fund 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 also issued our report dated December 13, 2012, on our consideration of the City of Perry'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 management's discussion and analysis information on pages 10 through 18 and the schedule of funding progress on page 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perry, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables, and the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, individual fund schedules, the schedule of projects constructed with special sales tax proceeds and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macon, Georgia
December 13, 2012



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

The Management Discussion and Analysis of the City of Perry Government's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2012. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should review the information presented in conjunction with information provided in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2012 by \$79,368,796 (net assets). Of this amount \$4,952,311 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors.
- During the year ended June 30, 2012, the City's net assets increased by \$4,863,452.
- As of June 30, 2012, the City's governmental funds reported combined fund balances of \$4,895,340, an increase of \$888,768 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,330,679, or 19.2 percent of total general fund expenditures.
- During fiscal year 2012, the City's capital assets increased by approximately \$2,809,591 while the net decrease in long-term debt was \$719,023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., deferred taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that intend to recover all or a significant portion of their costs through user fees and charges (business-type

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

(CONTINUED)

activities). The governmental activities of the City include general government, fire, law enforcement, public works and recreation. The business-type activities of the City include water and sewerage, natural gas distribution, solid waste operation and a revolving loan fund.

The *government-wide financial statements* include not only the City of Perry itself (known as the primary government), but also entities for which the City is financially accountable. These component units are the Perry Area Convention and Visitors Bureau Authority, the Downtown Development Authority and the Perry Industrial Building Authority. Their financial information is reported separately from that of the primary government.

The government-wide financial statements can be found on pages 19 through 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in the fund balances for the general fund. Data from the other nine governmental funds is presented in a total column termed as "other governmental funds." Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopted an annual appropriated budget for all of its funds except the fiduciary funds, which are not budgeted, and the capital project funds, of which project length budgets are adopted. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental funds financial statements can be found on pages 22 through 26 of this report.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

(CONTINUED)

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water and sewerage, natural gas distribution and solid waste operation.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewerage, natural gas distribution operations and solid waste operation which are considered to be major funds of the City. The revolving loan fund is a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 27 through 32 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found on pages 34 through 58 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system funding progress and budget presentations. Budgetary comparison schedules for the general fund are presented which demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on page 59 of this report.

The combining statements and individual fund schedules referred to earlier are presented immediately following the required supplementary information.

Combining statements and individual fund schedules can be found on pages 60 through 69 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) exceeded liabilities by

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012 (CONTINUED)

\$79,368,796 at June 30, 2012. The following table provides a summary of the City's net assets for fiscal years 2011 and 2012.

City of Perry - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$ 6,159,181	\$ 4,973,447	\$ 9,726,248	\$ 9,620,804	\$ 15,885,429	\$ 14,594,251
Capital Assets	44,247,626	41,717,759	40,106,379	39,826,655	84,354,005	81,544,414
	50,406,807	46,691,206	49,832,627	49,447,459	100,239,434	96,138,665
Liabilities						
Current and Other Liabilities	1,207,938	957,062	174,777	448,031	1,382,715	1,405,093
Long-Term Liabilities	1,491,515	1,411,411	17,996,408	18,816,817	19,487,923	20,228,228
	2,699,453	2,368,473	18,171,185	19,264,848	20,870,638	21,633,321
Net Assets						
Invested in Capital Assets, Net of Related Debt	43,486,281	41,158,197	27,206,012	26,112,142	70,692,293	67,270,339
Debt Service	-	-	1,606,979	1,509,938	1,606,979	1,509,938
Restricted	2,018,810	1,782,171	98,403	62,833	2,117,213	1,845,004
Unrestricted	2,202,263	1,382,365	2,750,048	2,497,698	4,952,311	3,880,063
	\$ 47,707,354	\$ 44,322,733	\$ 31,661,442	\$ 30,182,611	\$ 79,368,796	\$ 74,505,344

The City's investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment) less any outstanding debt used to acquire those assets comprise of 89% of the City's total net assets. Investments in capital assets net of related debt increased by \$3,421,954 (5%) in fiscal year 2012. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are expected to be provided from other sources, since there are no plans to liquidate these assets.

Two percent of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all categories of net assets for the government as a whole. Governmental activities net assets increased by \$3,384,621 in fiscal year 2012. The net assets of the business-type activities increased \$1,478,831. The City's total net assets increased by \$4,863,452 during the current fiscal year. The reason for such increase is discussed in greater detail as part of the governmental activities.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012 (CONTINUED)

The following table summarizes changes in net assets for the governmental and business-type activities:

City of Perry - Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ 4,112,444	\$ 4,535,016	\$ 9,287,503	\$ 10,183,083	\$ 13,399,947	\$ 14,718,099
Operating Grants and Contributions	511,899	353,326	37,462	63,928	549,361	417,254
Capital Grants and Contributions	4,330,530	1,874,479	1,500,298	1,347,008	5,830,828	3,221,487
General Revenues						
Property Taxes	6,003,452	5,858,558	-	-	6,003,452	5,858,558
Hotel/Motel Taxes	711,283	720,652	-	-	711,283	720,652
Franchise Taxes	1,016,175	963,109	-	-	1,016,175	963,109
Alcoholic Beverage Taxes	257,945	245,627	-	-	257,945	245,627
Insurance Premium Taxes	649,107	516,893	-	-	649,107	516,893
Occupational Taxes	172,437	159,777	-	-	172,437	159,777
Unrestricted Investment Earnings	6,067	6,269	34,158	39,096	40,225	45,365
	17,771,339	15,233,706	10,859,421	11,633,115	28,630,760	26,866,821
Expenses						
General Government	5,727,426	5,400,595	-	-	5,727,426	5,400,595
Public Safety	4,664,379	4,822,567	-	-	4,664,379	4,822,567
Public Works	3,696,463	2,938,046	-	-	3,696,463	2,938,046
Recreation	628,819	754,375	-	-	628,819	754,375
Housing and Development	98,417	-	-	-	98,417	-
Interest on Long-Term Debt	24,824	26,979	-	-	24,824	26,979
Water and Sewerage System	-	-	5,318,365	4,726,726	5,318,365	4,726,726
Gas System	-	-	2,553,870	3,018,220	2,553,870	3,018,220
Solid Waste	-	-	1,053,980	1,095,164	1,053,980	1,095,164
Revolving Loan Fund	-	-	764	1,505	764	1,505
	14,840,329	13,942,562	8,926,979	8,841,615	23,767,307	22,784,177
Increase in Net Assets, before transfers	2,931,010	1,291,144	1,932,442	2,791,500	4,863,452	4,082,644
Transfers	453,611	301,900	(453,611)	(301,900)	-	-
	453,611	301,900	(453,611)	(301,900)	-	-
Change in Net Assets	3,384,621	1,593,044	1,478,831	2,489,600	4,863,452	4,082,644
Net Assets - Beginning	44,322,733	42,729,689	30,182,611	27,693,011	74,505,344	70,422,700
Net Assets - Ending	\$ 47,707,354	\$ 44,322,733	\$ 31,661,442	\$ 30,182,611	\$ 79,368,796	\$ 74,505,344

Governmental Activities

Governmental activities increased the City's net assets by \$2,931,010. The increase is primarily attributed to capital grants and contributions which resulted from portion of the Ball Street Extension paid by Houston County. Other notable increases in governmental revenues are property tax, franchise tax and gross insurance premium tax.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

(CONTINUED)

Business-Type Activities

Although business-type activities increased the City's net assets by \$1,932,442, when comparing the 2011 revenues there is a decrease in charges for services. Also, when comparing 2011 and 2012 expenses there was an increase over the previous year which was due to the Ball Street Extension project water and gas line relocations. However, all proprietary funds ended the year with positive net assets.

Financial Analysis of the City's Major Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2012, the City's governmental funds reported combined fund balances of \$4,895,340, an increase of \$888,768 over the prior year. Approximately 48 percent of the combined fund balances, (\$2,330,679) is classified as unassigned. The remaining amounts are classified as nonspendable (\$22,224), restricted (\$2,018,810) and assigned (\$523,627).

The general fund is the chief operating fund of the City. At June 30, 2012, the unassigned fund balance of the general fund was \$2,330,679, while total fund balance was \$2,918,159. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.2 percent of total fund expenditures, while total fund balance represents 23 percent of the same amount.

During the current fiscal year, the fund balance of the general fund increased by \$684,475. Key factors in this growth are as follows:

- An increase in franchise taxes by \$53,066.

- An increase in gross insurance premium taxes by \$132,214.

- An increase in license and permits by \$65,832.

- An increase in miscellaneous revenue by \$375,622, which is mainly specific reimbursements.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds ended on a positive note in the amount of \$2,750,048. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

(CONTINUED)

General Fund Budgetary Highlights

During fiscal year 2012, the primary differences between the original and the final amended budget can be summarized as follows:

- Adjustment for economic development coordinator and activities
- Adjustment for additional property tax, franchise tax revenue, charges for services, gross insurance premium tax, intergovernmental, contributions and capital lease revenue
- Adjustment for Ball Street expenditures and 06 SPLOST reimbursements from Houston County
- Adjustment for health insurance specific reimbursements
- Adjustment for health insurance claims increase
- Adjustment for transfers to confiscated assets fund
- Adjustment for transfer from gas revenue fund and sale of assets

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2012 total \$84,354,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, infrastructure, machinery and equipment, structures, equipment and lines, and furniture and fixtures. The total increase in the City's investment in capital assets for the current period was \$2,809,591. Detailed information regarding the capital asset activity for 2012 can be found on pages 43 and 44 of this report.

Major capital asset events during the current fiscal year included the following:

- Various governmental capital asset projects with a total value of \$2,664,438 were completed or acquired during the year. The total value of governmental capital assets under construction at year-end was \$2,438,187.
- The total value of business-type capital assets under construction at year-end was \$283,483.
- The government and business-type activities acquired infrastructure due to donations from Houston County.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012 (CONTINUED)

City of Perry - Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,171,068	\$ 9,136,442	\$ 296,308	\$ 294,479	\$ 9,467,376	\$ 9,430,921
Land improvements	222,863	278,145	-	-	222,863	278,145
Buildings and Improvements	3,428,488	2,861,798	-	-	3,428,488	2,861,798
Infrastructure	27,837,319	26,449,709	-	-	27,837,319	26,449,709
Machinery and Equipment	1,149,701	1,061,686	-	-	1,149,701	1,061,686
Structures, Equipment and Lines	-	-	39,526,588	39,524,203	39,526,588	39,524,203
Construction in Progress	2,438,187	1,929,979	283,483	7,973	2,721,670	1,937,952
	<u>\$ 44,247,626</u>	<u>\$ 41,717,759</u>	<u>\$ 40,106,379</u>	<u>\$ 39,826,655</u>	<u>\$ 84,354,005</u>	<u>\$ 81,544,414</u>

Long-Term Debt

At June 30, 2012, the City had total long-term debt outstanding of \$18,969,248 as compared to \$19,688,271 at the end of the prior year. This amount is comprised of \$15,160,000 in water and sewerage system revenue bonds, \$2,993,719 in capital lease agreements, \$515,529 in GEFA loans and \$300,000 loan from the Houston County Development Authority.

City of Perry - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$ -	\$ -	\$ 15,160,000	\$ 15,570,000	\$ 15,160,000	\$ 15,570,000
Loans	300,000	400,000	515,529	599,786	815,529	999,786
Capital Leases	761,345	559,562	2,232,374	2,558,923	2,993,719	3,118,485
	<u>\$ 1,061,345</u>	<u>\$ 959,562</u>	<u>\$ 17,907,903</u>	<u>\$ 18,728,709</u>	<u>\$ 18,969,248</u>	<u>\$ 19,688,271</u>

Debt issued in 2012 amounted to \$530,200 compared to \$641,224 in the previous year. The capital leases the City entered into were for purchase of machinery and equipment for the public works operations, public safety, water and gas operations and the administrative department.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of real and personal property. The City has not issued any general obligation debt since 1970 and has had none outstanding since 1990. The amount of general obligation debt legally allowable for the City is \$41,663,395.

Additional information on the City's long-term debt can be found in Note 3-E on pages 46 through 49 of this report.

Economic Factors and Current Year Budget and Rates

As the national economy continued in a dismal state, growth remained constant when compared to the previous year for the City of Perry. Building permits issued for new starts and additions were 119 residential and 32 commercial and accessory structures.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

(CONTINUED)

As of June 30, 2012, the unemployment rate for Houston County was 8 percent compared to the State of Georgia rate of 9 percent. Management has estimated the service population for the City to be 14,516 at June 30, 2012 which is based on the average household of 2.41 persons.

The following factors were considered in preparation of the City budget for 2013:

- Continuation of nationwide economic conditions resulting in a reduction in revenues
- Adjustment of fees and charges
- No millage rate increase

Request for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in our government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Perry Finance Department, P. O. Box 2030, Perry, Georgia 31069.

BASIC FINANCIAL STATEMENTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF PERRY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Perry Area Convention and Visitors Bureau	Perry Downtown Development Authority	Perry Industrial Building Authority
ASSETS						
Cash and cash equivalents	\$ 2,551,685	\$ 1,244,498	\$ 3,796,183	\$ 201,714	\$ 60,726	\$235,023
Investments	2,289,409	937,948	3,227,357	-	-	-
Receivables, net of allowance	1,218,263	896,383	2,114,646	64,693	240	-
Mortgages receivable	25,603	-	25,603	-	-	-
Loans receivable	-	80,732	80,732	-	-	-
Internal balances	71,587	(71,587)	-	-	-	-
Inventories	2,634	-	2,634	-	-	-
Prepaid items	-	45,131	45,131	-	-	-
Deferred charges	-	215,155	215,155	-	-	-
Restricted assets:						
Cash and cash equivalents	-	93,843	93,843	-	-	-
Investments	-	5,669,899	5,669,899	-	-	-
Investment in Jointly-Owned Natural Gas Transmission Line	-	614,246	614,246	-	-	-
Capital assets:						
Nondepreciable	11,609,255	579,791	12,189,046	492,893	160,700	-
Depreciable, net	32,638,371	39,526,588	72,164,959	444,362	145,643	-
Total assets	50,406,807	49,832,627	100,239,434	1,203,662	367,309	235,023
LIABILITIES						
Accounts payable and other current liabilities	1,006,374	145,186	1,151,560	17,357	25	-
Other accrued expenses	192,972	-	192,972	-	-	-
Accrued interest payable	8,592	29,591	38,183	-	-	-
Noncurrent liabilities:						
Due within one year	562,326	951,135	1,513,461	3,064	-	-
Due in more than one year	929,189	17,045,273	17,974,462	3,291	-	-
Total liabilities	2,699,453	18,171,185	20,870,638	23,712	25	-
NET ASSETS						
Invested in capital assets, net of related debt	43,486,281	27,206,012	70,692,293	937,255	306,343	-
Restricted for:						
Capital outlay	1,731,719	-	1,731,719	-	-	-
Grantors and contributors	50,270	-	50,270	-	-	-
Debt Service	-	1,606,979	1,606,979	-	-	-
Loans receivable	-	98,403	98,403	-	-	-
Public Safety	21,901	-	21,901	-	-	-
Grant Subrecipients	214,920	-	214,920	-	-	-
Unrestricted	2,202,263	2,750,048	4,952,311	242,695	60,941	235,023
Total net assets	\$ 47,707,354	\$ 31,661,442	\$79,368,796	\$ 1,179,950	\$ 367,284	\$235,023

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 5,727,426	\$ 3,341,070	\$ 465,424	\$ 202,831
Public safety	4,664,379	679,303	34,873	187,581
Public works	3,696,463	12,748	-	3,809,291
Recreation	628,819	79,323	11,602	130,827
Housing and development	98,417	-	-	-
Interest on long-term debt	24,824	-	-	-
Total governmental activities	<u>14,840,329</u>	<u>4,112,444</u>	<u>511,899</u>	<u>4,330,530</u>
Business-type Activities:				
Water and sewerage	5,318,365	5,381,152	-	1,500,298
Gas	2,553,870	2,777,812	2,390	-
Solid waste	1,053,980	1,128,539	-	-
Revolving Loan Fund	764	-	35,072	-
Total business-type activities	<u>8,926,979</u>	<u>9,287,503</u>	<u>37,462</u>	<u>1,500,298</u>
Total Primary Government	<u>\$ 23,767,308</u>	<u>\$ 13,399,947</u>	<u>\$ 549,361</u>	<u>\$ 5,830,828</u>
Component Units:				
Perry Area Convention and Visitors Bureau	\$ 361,565	\$ 10,984	\$ 315,681	\$ -
Perry Downtown Development Authority	24,142	-	14,340	-
Perry Industrial Building Authority	-	-	-	-
Total component units	<u>\$ 385,707</u>	<u>\$ 10,984</u>	<u>\$ 330,021</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Franchise taxes				
Insurance premium taxes				
Occupational taxes				
Hotel/Motel taxes				
Alcoholic beverage taxes				
Investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - Beginning of year				
Net assets - End of year				

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Perry Area Convention and Visitors Bureau	Perry Downtown Development Authority	Perry Industrial Building Authority
\$ (1,718,101)	\$ -	\$ (1,718,101)			
(3,762,622)	-	(3,762,622)			
125,576	-	125,576			
(407,067)	-	(407,067)			
(98,417)	-	(98,417)			
(24,824)	-	(24,824)			
(5,885,456)	-	(5,885,456)			
-	1,563,085	1,563,085			
-	226,332	226,332			
-	74,559	74,559			
-	34,308	34,308			
-	1,898,284	1,898,284			
(5,885,456)	1,898,284	(3,987,172)			
			\$ (34,900)	\$ -	\$ -
			-	(9,802)	-
			-	-	-
			(34,900)	(9,802)	-
6,003,452	-	6,003,452	-	-	-
1,016,175	-	1,016,175	-	-	-
649,107	-	649,107	-	-	-
172,437	-	172,437	-	-	-
711,283	-	711,283	-	-	-
257,945	-	257,945	-	-	-
6,067	34,158	40,225	608	265	2,231
453,611	(453,611)	-	-	-	-
9,270,077	(419,453)	8,850,624	608	265	2,231
3,384,621	1,478,831	4,863,452	(34,292)	(9,537)	2,231
44,322,733	30,182,611	74,505,344	1,214,242	376,821	232,792
\$ 47,707,354	\$ 31,661,442	\$ 79,368,796	\$ 1,179,950	\$ 367,284	\$ 235,023

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalent	\$ 706,860	\$ 1,844,825	\$ 2,551,685
Investments	2,289,409	-	2,289,409
Taxes receivable	150,300	68,163	218,463
Due from other funds	391,934	185,432	577,366
Intergovernmental receivables	2,850	296,638	299,488
Mortgages receivable	25,603	-	25,603
Other receivables	674,797	25,515	700,312
Inventories	2,634	-	2,634
Total assets	<u>\$ 4,244,387</u>	<u>\$ 2,420,573</u>	<u>\$ 6,664,960</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,005,316	\$ 43	\$ 1,005,359
Due to other funds	66,668	439,111	505,779
Deferred revenues	64,495	-	64,495
Other accrued liabilities	188,734	4,238	192,972
Deposits	1,015	-	1,015
Total liabilities	<u>1,326,228</u>	<u>443,392</u>	<u>1,769,620</u>
Fund balances:			
Nonspendable	22,224	-	22,224
Restricted	135,262	1,883,548	2,018,810
Committed	-	-	-
Assigned	429,994	93,633	523,627
Unassigned	2,330,679	-	2,330,679
Total fund balances	<u>2,918,159</u>	<u>1,977,181</u>	<u>4,895,340</u>
Total liabilities and fund balances	<u>\$ 4,244,387</u>	<u>\$ 2,420,573</u>	<u>\$ 6,664,960</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances per balance sheet of governmental funds	\$ 4,895,340
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:	
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	65,806,189
Accumulated depreciation	(21,558,563)
Revenues	
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	
	64,495
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:	
Accrued interest	(8,592)
Compensated absences	(227,706)
Net pension obligation	(202,464)
Capital leases	(761,345)
Note payable	(300,000)
Total net assets of governmental activities.	<u>\$ 47,707,354</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 5,958,216	\$ -	\$ 5,958,216
Franchise	1,016,175	-	1,016,175
Insurance premium	649,107	-	649,107
Occupational	172,437	-	172,437
Hotel/motel	-	711,283	711,283
Alcoholic beverage	257,945	-	257,945
License and permits	248,058	-	248,058
Impact fees	-	64,273	64,273
Intergovernmental	734,781	1,527,983	2,262,764
Fines and forfeitures	455,893	30,569	486,462
Charges for services	1,497,634	-	1,497,634
Administrative	493,474	-	493,474
Contributions from private sources	26,531	6,790	33,321
Investment earnings	6,067	1,821	7,888
Miscellaneous	1,061,478	254,276	1,315,754
Total revenues	12,577,796	2,596,995	15,174,791
EXPENDITURES			
Current:			
General government	4,612,703	1,109,008	5,721,711
Public safety	4,570,965	27,063	4,598,028
Public works	2,525,272	517,349	3,042,621
Recreation	626,369	-	626,369
Housing and development	98,417	-	98,417
Debt service:			
Principal	226,848	100,000	326,848
Interest and other charges	18,398	7,280	25,678
Capital outlay	-	754,983	754,983
Total expenditures	12,678,972	2,515,683	15,194,655
Excess (deficiency) of revenues over (under) expenditures	(101,176)	81,312	(19,864)
OTHER FINANCING SOURCES (USES)			
Transfers in	343,873	157,421	501,294
Transfers out	(13,243)	(34,440)	(47,683)
Capital leases	428,631	-	428,631
Sale of capital assets	26,390	-	26,390
Total other financing sources (uses)	785,651	122,981	908,632
Net change in fund balances	684,475	204,293	888,768
Fund balances - Beginning of year	2,233,684	1,772,888	4,006,572
Fund balances - End of year	\$ 2,918,159	\$ 1,977,181	\$ 4,895,340

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.	\$ 888,768
---	------------

Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	\$ 1,871,249	
Total depreciation	<u>(1,624,849)</u>	246,400

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and annexing) is to increase net assets.	2,283,467
---	-----------

Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Issuance of long-term debt	(428,631)
Repayment of principal	326,848
Interest on long-term debt	854
Compensated absences	21,679

Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.

Deferred revenues increased by this amount during the fiscal year.	<u>45,236</u>
--	---------------

Change in Net Assets of Governmental Activities.	<u><u>\$ 3,384,621</u></u>
--	----------------------------

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes:				
Property	\$ 5,734,600	\$ 6,017,800	\$ 5,958,216	\$ (59,584)
Franchise	937,800	1,016,100	1,016,175	75
Insurance premium	516,800	649,100	649,107	7
Occupational	157,000	173,400	172,437	(963)
Alcoholic beverage	239,100	257,900	257,945	45
Licenses and permits	211,700	248,000	248,058	58
Intergovernmental	-	732,100	734,781	2,681
Fines and forfeitures	589,100	455,800	455,893	93
Charges for Services	1,444,300	1,521,800	1,497,634	(24,166)
Administrative	458,100	472,900	493,474	20,574
Contributions from private sources	-	26,500	26,531	31
Investment earnings	5,900	6,000	6,067	67
Miscellaneous	161,200	840,400	1,061,478	221,078
Total revenues	10,455,600	12,417,800	12,577,796	159,996
EXPENDITURES				
Current:				
General government				
Mayor	23,500	26,200	26,196	4
City Council	89,100	94,500	94,436	64
City Attorney	75,600	71,500	71,410	90
Municipal Court	326,600	277,200	277,171	29
Administrative	2,606,600	3,527,300	3,526,335	965
City Manager	215,100	225,400	225,375	25
Community Development	336,700	392,300	386,821	5,479
Elections	6,000	5,000	4,959	41
Public safety	4,623,700	4,572,000	4,570,965	1,035
Public works	1,689,700	2,526,000	2,525,272	728
Recreation	521,900	627,500	626,369	1,131
Housing and development	-	98,500	98,417	83
Debt service:				
Principal	248,200	227,100	226,848	252
Interest and other charges	20,900	18,700	18,398	302
Total expenditures	10,783,600	12,689,200	12,678,972	10,228
Excess (deficiency) of revenue over (under) expenditure	(328,000)	(271,400)	(101,176)	170,224
OTHER FINANCING SOURCES (USES)				
Transfers in	55,300	344,000	343,873	(127)
Transfers out	-	(13,300)	(13,243)	57
Capital leases	367,600	428,700	428,631	(69)
Sale of capital assets	-	11,800	26,390	14,590
Total other financing sources (uses)	422,900	771,200	785,651	14,451
Net change in fund balances	\$ 94,900	\$ 499,800	684,475	\$ 184,675
Fund balances - Beginning of year			2,233,684	
Fund balances - End of year			\$ 2,918,159	

The notes to the financial statements are an integral part of this statement.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF PERRY, GEORGIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012

	Business-type Activities - Enterprise Funds				
	Water and Sewerage System	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 938,633	\$ 162,189	\$ 143,676	\$ -	\$ 1,244,498
Investments	337,100	600,848	-	-	937,948
Accounts receivable, net	596,978	178,378	113,316	7,711	896,383
Loans receivable, current portion	-	-	-	12,500	12,500
Due from other funds	62,389	480	32,021	-	94,890
Prepaid items	25,576	9,437	10,118	-	45,131
Total current assets	1,960,676	951,332	299,131	20,211	3,231,350
Noncurrent assets:					
Restricted assets					
Cash and cash equivalents	78,879	2,921	-	12,043	93,843
Investments	5,669,899	-	-	-	5,669,899
Deferred charges	215,155	-	-	-	215,155
Loans receivable	-	-	-	68,232	68,232
Investment in Jointly-Owned Natural Gas Transmission Line	-	614,246	-	-	614,246
Capital assets:					
Land and easements	144,248	62,165	89,895	-	296,308
Structures, equipment and lines	52,737,067	3,488,872	592,208	-	56,818,147
Construction in progress	283,483	-	-	-	283,483
Less accumulated depreciation	(15,141,390)	(1,718,561)	(431,608)	-	(17,291,559)
Total noncurrent assets	43,987,341	2,449,643	250,495	80,275	46,767,754
Total assets	\$ 45,948,017	\$ 3,400,975	\$ 549,626	\$ 100,486	\$49,999,104

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012
 (CONTINUED)

	Business-type Activities - Enterprise Funds				
	Water and Sewerage System	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Total
LIABILITIES					
Current liabilities:					
Accounts payable	\$ -	\$ 133,409	\$ -	\$ -	\$ 133,409
Salaries payable	-	-	3,231	-	3,231
Developer's deposit	1,742	-	-	-	1,742
Accrued interest payable	28,878	63	650	-	29,591
Due to other funds	32,986	69,062	62,346	2,083	166,477
Compensated absences	-	-	4,443	-	4,443
Customer deposits payable	3,871	2,933	-	-	6,804
Landfill postclosure care costs	-	-	3,500	-	3,500
Revenue bond payable-current	425,000	-	-	-	425,000
Capital leases and notes payable-current	466,101	4,568	47,523	-	518,192
Total current liabilities	958,578	210,035	121,693	2,083	1,292,389
Noncurrent liabilities:					
Compensated absences	-	-	2,890	-	2,890
Revenue bonds, net of unamortized refunding costs	14,731,966	-	-	-	14,731,966
Capital leases and notes payable	2,148,988	7,080	73,643	-	2,229,711
Net pension obligation	-	-	17,190	-	17,190
Landfill postclosure care costs	-	-	63,516	-	63,516
Total noncurrent liabilities	16,880,954	7,080	157,239	-	17,045,273
Total liabilities	17,839,532	217,115	278,932	2,083	18,337,662
NET ASSETS					
Invested in capital assets, net of related debt	25,255,855	1,820,828	129,329	-	27,206,012
Restricted for debt service	1,606,979	-	-	-	1,606,979
Restricted for loans receivable	-	-	-	98,403	98,403
Unrestricted	1,245,651	1,363,032	141,365	-	2,750,048
Total net assets	\$ 28,108,485	\$ 3,183,860	\$ 270,694	\$ 98,403	\$ 31,661,442

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Total
	Water and Sewerage System	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	
Operating revenues:					
Charges for sales and services	\$ 5,380,011	\$ 2,777,513	\$ 1,128,339	\$ -	\$ 9,285,863
Miscellaneous	1,141	299	200	-	1,640
Total operating revenues	5,381,152	2,777,812	1,128,539	-	9,287,503
Operating expenses:					
Cost of sales and services	3,086,675	2,367,840	915,772	764	6,371,051
Administration	296,927	119,718	58,430	-	475,075
Depreciation	1,287,378	65,685	72,266	-	1,425,329
Total operating expenses	4,670,980	2,553,243	1,046,468	764	8,271,455
Operating income (loss)	710,172	224,569	82,071	(764)	1,016,048
Nonoperating revenues (expenses):					
Intergovernmental	-	2,390	-	35,072	37,462
Net income from joint venture	-	21,164	-	-	21,164
Interest income - nonrestricted assets	2,237	1,634	152	-	4,023
Interest income - restricted assets	7,709	-	-	1,262	8,971
Interest expense	(647,385)	(627)	(7,512)	-	(655,524)
Total nonoperating revenues (expenses)	(637,439)	24,561	(7,360)	36,334	(583,904)
Income before contributions and transfers	72,733	249,130	74,711	35,570	432,144
Capital contributions	1,500,298	-	-	-	1,500,298
Transfers in	120,144	-	-	-	120,144
Transfers out	-	(573,755)	-	-	(573,755)
Total other financing sources (uses)	1,620,442	(573,755)	-	-	1,046,687
Change in net assets	1,693,175	(324,625)	74,711	35,570	1,478,831
Total net assets - Beginning of year	26,415,310	3,508,485	195,983	62,833	30,182,611
Total net assets - End of year	\$28,108,485	\$ 3,183,860	\$ 270,694	\$ 98,403	\$31,661,442

The notes to the financial statements are an integral part of this statement.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF PERRY, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				
	Water and Sewerage System	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Total
<u>Cash Flows from Operating Activities:</u>					
Receipts from customers and users	\$ 5,392,477	\$ 2,791,457	\$ 1,128,938	\$ -	\$ 9,312,872
Payments to suppliers	(3,292,129)	(2,383,727)	(735,843)	(23,527)	(6,435,226)
Payments to employees	(228,207)	(89,264)	(281,082)	(764)	(599,317)
Net Cash Provided (used) by Operating Activities	1,872,141	318,466	112,013	(24,291)	2,278,329
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfer from other funds	120,144	-	-	-	120,144
Transfer to other funds	-	(573,755)	-	-	(573,755)
Net Cash Provided (used) by Noncapital Financing Activities	120,144	(573,755)	-	-	(453,611)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Principal paid on capital debt	(806,560)	(4,259)	(102,727)	-	(913,546)
Interest paid on capital debt	(647,385)	(564)	(7,309)	-	(655,258)
Acquisition and construction of capital assets	(170,922)	-	(33,833)	-	(204,755)
Subsidy from federal grant	-	2,390	-	35,072	37,462
Proceeds from capital debt	101,569	-	-	-	101,569
Net Cash Provided (used) by Capital and Related Financing Activities	(1,523,298)	(2,433)	(143,869)	35,072	(1,634,528)
<u>Cash Flows From Investing Activities:</u>					
Proceeds from sales and maturities of investments	-	220,389	-	-	220,389
Interest received	9,946	1,634	152	1,262	12,994
Purchases of investments	(148,268)	-	-	-	(148,268)
Net Cash Provided (Used) by Investing Activities	(138,322)	222,023	152	1,262	85,115

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (CONTINUED)

	Business-type Activities - Enterprise Funds				
	Water and Sewerage System	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Total
Net increase (decrease) in cash and cash equivalents	\$ 330,665	\$ (35,699)	\$ (31,704)	\$ 12,043	\$ 275,305
Cash and cash equivalents - beginning	686,847	200,809	175,380	-	1,063,036
Cash and cash equivalents - ending	<u>\$ 1,017,512</u>	<u>\$ 165,110</u>	<u>\$ 143,676</u>	<u>\$ 12,043</u>	<u>\$ 1,338,341</u>
Classified as:					
Current Assets	\$ 938,633	\$ 162,189	\$ 143,676	\$ -	\$ 1,244,498
Restricted Assets	78,879	2,921	-	12,043	93,843
Total cash and cash equivalents	<u>\$ 1,017,512</u>	<u>\$ 165,110</u>	<u>\$ 143,676</u>	<u>\$ 12,043</u>	<u>\$ 1,338,341</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (CONTINUED)

	Business-type Activities - Enterprise Funds				
	Water and Sewerage System	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Total
Reconciliation of Operating Income (Loss) to Net					
Cash provided (used) by Operating Activities:	\$ 710,172	\$ 224,569	\$ 82,071	\$ (764)	\$ 1,016,048
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,287,378	65,685	72,266	-	1,425,329
Change In:					
Accounts receivable, net	73,714	34,889	399	(30,966)	78,036
Due from other funds	(62,389)	(480)	19,510	5,889	(37,470)
Investment in JOTL	-	(21,164)	-	-	(21,164)
Prepaid expenses	(2,206)	(2,517)	690	-	(4,033)
Inventories	-	-	-	-	-
Deferred charges	16,840	-	-	-	16,840
Accounts payable	(3,000)	2,001	(125,240)	(533)	(126,772)
Due to other funds	(3,190)	25,454	62,346	2,083	86,693
Accrued liabilities	(144,725)	(1,991)	503	-	(146,213)
Compensated absences	-	(7,900)	1,215	-	(6,685)
Net pension obligation	-	-	-	-	-
Landfill postclosure care costs	-	-	(1,747)	-	(1,747)
Customers' meter deposits	(453)	(80)	-	-	(533)
Total Adjustments	1,161,969	93,897	29,942	(23,527)	1,262,281
Net cash provided (used) by operating activities	\$ 1,872,141	\$ 318,466	\$ 112,013	\$ (24,291)	\$ 2,278,329
Noncash investing, capital and financing activities:					
Contributions from developers	\$ 1,500,298	\$ -	\$ -	\$ -	
Assets acquired through assumption of a liability	101,569	-	-	-	

The notes to the financial statements are an integral part of this statement.

CITY OF PERRY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
JUNE 30, 2012

	Agency Fund
ASSETS	
Cash	\$ 3,353
Total assets	<u>\$ 3,353</u>
LIABILITY	
Payable from Assets	
Confiscated assets pending disposition	<u>\$ 3,353</u>

The notes to the financial statements are an integral part of this statement.

(THIS PAGE INTENTIONALLY LEFT BLANK)

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Perry, Georgia (hereinafter the City) was reincorporated by the General Assembly of Georgia 1983 Georgia Laws, Act No. 444) by the enactment of a charter effective July 1, 1983. The City was originally chartered in 1824.

City government is conducted by a nonpartisan mayor and council. The council is composed of six elected members, two from each of three districts. Members serve staggered four-year terms. Council selects a city manager who oversees day-to-day operations of the City.

The City provides numerous municipal services authorized by its charter and operates three major utilities.

The accompanying financial statements presents the City and it's discretely presented component units, entities for which the City is considered to be financially accountable.

Each discretely presented component unit is reported in a separate column in the government-wide financial statements and is accountable under all the criteria listed.

Discretely Presented Component Units

The Perry Area Convention and Visitors Bureau (hereinafter the Visitors Bureau) was created to promote tourism, trade and conventions for the City. The governing board consists of nine regular members and four ex-officio members. Five of these members must be recommended by the Perry Area Chamber of Commerce board of directors. The ex-officio members are the executive director of the authority, the city manager, the executive director of the Perry Area Chamber of Commerce and the executive director of the Georgia National Fairgrounds and Agricenter. The City provides the major support to the Visitors Bureau through the collection and remittance of hotel motel taxes. The Visitors Bureau is reported as a governmental fund type.

The Perry Downtown Development Authority (hereinafter the Authority) was created to revitalize and redevelop the central business district of the City, to develop and promote for the public good and general welfare, trade, commerce, industry and employment opportunities. The Authority is governed by seven directors appointed by the mayor and city council. The City provides support to the DDA relative to the yearly operating budget requirements. The Authority is reported as a governmental fund type.

The Perry Industrial Building Authority (hereinafter the Building Authority) was created to encourage and promote the expansion and development of industrial and commercial facilities in the City. The Building Authority is governed by two directors appointed by the mayor and city council and three ex-officio members, the mayor, the chairman of the Houston County Board of Commissioners and the president of the Perry Area Chamber of Commerce. The City does have the ability to impose will on the Building Authority relative to the use of the existing funds. The Building Authority's financial statements

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

consist of a general fund only and it is reported as a governmental fund type. The Authority has not issued separate financial statements for this fiscal year.

Complete financial statements for the Visitors Bureau and the Authority may be obtained at the entity's administrative offices:

Perry Area Convention and Visitors Bureau
101 Courtney Hodges Boulevard
Perry, Georgia 31069

Perry Downtown Development Authority
1211 Washington Street
Perry, Georgia 31069

B. Government-wide and fund financial statements

The government-wide financial statements (Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. 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, investment earnings and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Fiduciary funds are reported using the accrual basis of accounting and have no measurement focus. 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 with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 judgments, are recorded only when payment is due.

Property taxes, special purpose local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, investment earnings and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The general fund is the City'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 City reports the following major proprietary funds:

Water and Sewerage System – accounts for the operations and maintenance of the City's water and wastewater services to the residents and businesses of the City.

Gas System – accounts for the operations and maintenance of the City's natural gas services to the residents and businesses of the City.

Solid Waste Fund – accounts for the operation and maintenance of the City's trash, leaf and limb collections to the residents and businesses of the City.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

Additionally, the City reports the following fund type:

Fiduciary Fund – accounts for money confiscated and held pending disposition by courts.

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 that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges for services or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Other revenue sources not properly included with program revenues are reported as general revenues of the City.

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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

D. Deposits and Investments

Deposits

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the City are reported at fair value.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

E. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received including property taxes, amounts due from other funds and grants.

In the fund financial statements, deferred revenue accounts are used to offset receivables to the extent revenue is not recognized under the City's policy.

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

F. Interfund Receivables, Payables and Transfers

In the fund financial statements balances that are representative of lending/borrowing arrangements, outstanding at the end of the fiscal year, are referred to as "interfund receivables/interfund payables." In the government-wide financial statements these balances are netted and reported as "internal balances."

G. Inventories

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

In the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis.

H. Prepaid Items

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

I. Restricted Assets

Resources set aside in proprietary funds for repayment of bonds, emergency uses and renewal or extension in the amounts of \$1,606,979 are classified as restricted assets because their use is limited by bond covenants. A corresponding portion of net assets is segregated by its classification as "restricted for debt service."

Customers' meter deposits are classified as restricted assets because their use is limited. Customers' meter deposits for the Water and Sewerage System and Gas System are \$3,871 and \$2,933, respectively.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

J. 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 City as assets with an initial, individual cost of more than \$5,000. Preliminary and interim costs incurred by governmental funds for capital projects are reported as “construction in progress.” Cost related to abandoned projects are expensed when the project is abandoned.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City contracted with a third party appraiser for the initial recording of these assets through historical costs and city records. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of donation.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed, if material.

Capital assets are depreciated over their estimated useful lives using the straight-line method. These estimated useful lives are as follows:

<u>Asset Class</u>	<u>Years</u>
Furniture and Fixtures	5-7
Machinery and equipment	3-10
Lines and Mains	50
Buildings	10-50
Land Improvements	10-25
Infrastructure	50

K. Compensated Absences

Annual leave is earned by all permanent city employees and may be accumulated and carried over to a maximum of 160 hours per employee (244 hours for firefighters). In accordance with GASB Statement 16, the City accrues the cost of annual leave when the leave is earned. This cost is accrued in the government-wide and proprietary fund financial statements.

Sick leave is earned by all full-time city employees and 640 hours may be accumulated (896 hours for firefighters). Employees leaving the City are not entitled to payment for accumulated sick leave. In accordance with GASB Statement 16, the City does not

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

accrue sick leave because employees do not receive “termination payments” upon leaving the City.

L. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

The costs related to long-term debt (whose proceeds are used for purposes other than refunding) are shown as deferred charges. The costs related to long-term debt (whose proceeds are used for refunding) are characterized as deferred refunding costs and are netted against outstanding long-term debt. Deferred charges are amortized over the life of the debt, and deferred refunding costs are amortized over the shorter of the remaining life of the refunded debt or the life of the new debt. Deferred issuance and refunding costs are amortized using the effective interest method.

M. Deferred Revenue

In the fund financial statements, deferred revenue consists of property tax receivable not collected within 60 days after the end of the fiscal year.

N. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of reserves by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Mayor and Council through adoption of a resolution. The Mayor and Council also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, Mayor and Council has authorized the City Manager or his designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes with the General Fund.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

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

The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2012:

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances:			
Nonspendable			
Inventory	\$ 2,634	\$ -	\$ 2,634
Long term receivables	19,590	-	19,590
Restricted for:			
Public safety	-	21,901	21,901
Grantors and contributors	34,583	15,687	50,270
Grantees	-	214,920	214,920
Capital Outlay	100,679	1,631,040	1,731,719
Assigned:			
Self Insurance	341,254	-	341,254
Culture and beautification	7,852	89,556	97,408
Administrative	6,571	-	6,571
Capital outlay	74,317	4,077	78,394
Unassigned	2,330,679	-	2,330,679
Total fund balances	\$ 2,918,159	\$ 1,977,181	\$ 4,895,340

O. Allocation of administrative costs

At the governmental fund level, the City allocates administrative costs to the various departments and funds for which services are provided as allowable by the benefiting fund. The allocations are based upon the City's estimate of each fund's share of the services.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

An annual appropriated budget is adopted by ordinance for all fund types except fiduciary funds, which are not budgeted and capital projects fund which have project length budgets. Budgets are prepared on the modified accrual basis for governmental fund types and on the accrual basis for proprietary fund types and are consistent with generally accepted accounting principles. All annual appropriations lapse at the end of the fiscal year with the exception of the capital projects funds.

On or before the last day of February of each year, all departments of the government submit requests for appropriations to the city manager so that a budget may be prepared. Appropriated budgets are compiled by the city manager, finance officer and department heads. Before the first day of May, the proposed budget is presented to the mayor and council for review. After holding a public hearing, a final budget is prepared and adopted no later than June 30.

Budgetary control is maintained at the department level. Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of city council.

B. Compliance

In the prior years, the City's Water and Sewerage Fund borrowed funds from the 2007 revenue bond proceeds. These funds are restricted for projects approved in the bond ordinance. The City was not in compliance with the bond documents.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Office of the State Treasurer	24	\$ 7,365,277
U.S. Treasury Bills	92	1,531,979
Total Fair Value		<u>\$ 8,897,256</u>
Portfolio Weighted Average Maturity	36	

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

Credit Risk. Georgia laws (O.C.G.A. 36-83-4 and 36-82-7) limit investments of the City. The City has no investment policy that would further limit its investment choices. As of June 30, 2012, the City's investment in the Office of the State Treasurer was rated AAAM by Standard and Poor's. Shares sold and redeemed are based on \$1.00 per share. The reported value of the pool is the same as the fair value of the pool shares.

Custodial Credit Risk – Deposits. The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's bank balances of deposits as of June 30, 2012, are entirely insured or collateralized with securities held by the City's agent in the City's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

B. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land and Land Improvements	\$ 9,136,442	\$ 34,633	\$ (7)	\$ -	\$ 9,171,068
Construction in Progress	1,929,979	840,946	(89,219)	(243,519)	2,438,187
Total capital assets, not being depreciated	11,066,421	875,579	(89,226)	(243,519)	11,609,255
Capital assets, being depreciated:					
Buildings and Improvements	4,345,435	491,678	(23,196)	197,045	5,010,962
Land Improvements	947,899	-	-	-	947,899
Furniture and fixtures	34,441	-	-	-	34,441
Machinery and equipment	4,280,059	409,990	(155,633)	28,353	4,562,769
Infrastructure	41,156,047	2,645,314	(178,619)	18,121	43,640,863
Total capital assets being depreciated	50,763,881	3,546,982	(357,448)	243,519	54,196,934
Less accumulated depreciation for:					
Buildings and Improvements	(1,483,637)	(98,837)	-	-	(1,582,474)
Land Improvements	(669,754)	(55,282)	-	-	(725,036)
Furniture and fixtures	(34,441)	-	-	-	(34,441)
Machinery and equipment	(3,218,373)	(373,524)	178,829	-	(3,413,068)
Infrastructure	(14,706,338)	(1,097,206)	-	-	(15,803,544)
Total accumulated depreciation	(20,112,543)	(1,624,849)	178,829	-	(21,558,563)
Total capital assets, being depreciated, net	30,651,338	1,922,133	(178,619)	243,519	32,638,371
Governmental activities capital assets, net	\$ 41,717,759	\$ 2,797,712	\$ (267,845)	\$ -	\$ 44,247,626

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)**Primary Government (continued)**

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-Type Activities:					
Capital assets not being depreciated:					
Land and easements	\$ 294,479	\$ 1,829	\$ -	\$ -	\$ 296,308
Construction in progress	7,973	275,510	-	-	283,483
Total capital assets, not being depreciated	302,452	277,339	-	-	579,791
Capital assets, being depreciated:					
Structures, equipment and lines	55,841,836	1,427,714	(451,403)	-	56,818,147
Less accumulated depreciation for:					
Structures, equipment and lines	(16,317,633)	(1,425,329)	451,403	-	(17,291,559)
Total capital assets, being depreciated, net	39,524,203	2,385	-	-	39,526,588
Business-type activities capital assets, net	\$ 39,826,655	\$ 279,724	\$ -	\$ -	\$ 40,106,379

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities:

General government	\$ 90,314
Public safety	238,028
Public works	1,205,343
Recreation	91,164
Total governmental activities depreciation expense	<u>\$ 1,624,849</u>

Business-Type Activities:

Water and Sewerage System	\$ 1,287,378
Gas System	65,685
Solid Waste	72,266
Total business-type activities depreciation expense	<u>\$ 1,425,329</u>

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

C. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General	Gas System	\$ 69,062
	Water and Sewerage System	3,450
	Solid Waste Fund	62,346
	Revolving Loan Fund	2,083
	Nonmajor governmental funds	254,993
Water and Sewerage System	General Fund	62,389
Gas System	Nonmajor governmental funds	480
Solid Waste Fund	General Fund	2,485
Solid Waste Fund	Water and Sewerage System	29,536
Nonmajor governmental fund	General Fund	1,794
Nonmajor governmental fund	Nonmajor governmental funds	183,638
Total		<u>\$ 672,256</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2012, is as follows:

	Transfers in:			
	General Fund	Water and Sewerage System	Nonmajor Governmental Funds	Total
Transfers out:				
General Fund	\$ -	\$ -	\$ 13,243	\$ 13,243
Non-Major governmental funds	34,440	-	-	34,440
Gas System	309,433	120,144	144,178	573,755
	<u>\$ 343,873</u>	<u>\$ 120,144</u>	<u>\$ 157,421</u>	<u>\$ 621,438</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them 2) close out funds no longer needed by the City and 3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

CITY OF PERRY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

D. Landfill Postclosure Care Costs

The City has closed its Chapel Road/Ford Creek landfill site and has received a closure certificate from the Georgia Environmental Protection Division (EPD). State and federal laws and regulations require the City to perform certain maintenance and monitoring functions for 30 years after closure. The EPD approved total assured costs for this fiscal year are \$67,016 and are reported as a current and noncurrent liability in the Solid Waste enterprise fund. Actual costs may be higher than estimates due to inflation, changes in technology or regulations. During 2012, the City increased/adjusted these closure costs for inflation by \$1,747 and expended \$9,600 for maintenance and monitoring costs during this fiscal year.

E. Long-term debt

Primary Government

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment and for system expansion and refunding. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease date as of the date of their inception. Interest rates vary from 2.09% to 4.05%. Total cost of assets acquired under these capital leases as of June 30, 2012 is \$4,940,167. Cost of equipment included in the governmental activities statement of net assets is \$1,106,945. Cost of equipment and system expansion and refunding included in the business-type activities statement of net assets is \$3,833,222.

Annual debt service requirements to maturity for these capital leases are as follows:

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 336,281	\$ 19,742	\$ 375,765	\$ 430,613	\$ 97,515	\$ 528,128
2014	314,549	7,238	328,874	447,463	77,710	525,173
2015	110,515	849	111,364	392,996	61,680	454,676
2016	-	-	-	360,430	31,812	392,242
2017	-	-	-	375,077	17,165	392,242
2018-2022	-	-	-	225,795	3,013	236,145
Total	<u>\$ 761,345</u>	<u>\$ 27,829</u>	<u>\$ 789,174</u>	<u>\$ 2,232,374</u>	<u>\$ 288,895</u>	<u>\$ 2,521,269</u>

Although the City is not obligated to make annual appropriations under these leases, failure to do so will result in forfeiture of the assets acquired with these lease proceeds.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

Note Payable

In 2010, the City entered into a promissory note with the Houston County Development Authority for the City's contribution to the Go Fish Project by the State of Georgia in the amount of \$500,000. Interest will accrue on the unpaid balance at 56% of the prime rate. Any payment made ten days after the respective due date of May 31st, shall accrue a late fee of 5% of the respective payment amount. The annual debt service requirements for this note payable are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	
2013	\$	100,000
2014		100,000
2015		100,000
	\$	300,000

Loans-General Obligation Debt

The City's business-type activity, the Water and Sewerage System, has two loans with the Georgia Environmental Facilities Authority for system expansion. These loans are in the original amount of \$1,445,204 with interest rates varying from 3.75% to 4%. The City has agreed to establish a schedule of rents, rates, fees, and charges and other sources of revenue sufficient to pay the cost of acquiring, constructing, equipping, operating, maintaining, replacing, renewing and repairing the facilities of the City's Water and Sewerage System. This general obligation debt is paid solely from revenues generated by fund activities.

Annual debt service requirements to maturity for these loans are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 87,579	\$ 18,470	\$ 106,049
2014	91,031	15,017	106,048
2015	94,620	11,428	106,048
2016	58,081	8,098	66,179
2017	46,632	6,258	52,890
2018-2021	137,586	7,860	145,446
Total	\$ 515,529	\$ 67,131	\$ 582,660

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

Revenue Bonds

The City's business type activity, the Water and Sewerage System has revenue bonds payable solely from revenues generated by fund activities. The bond indentures contain restrictions on the use of the bond proceeds and fund revenues as well as providing for sinking funds, renewal and extension funds and minimum fund operating requirements (revenue bond coverage).

On November 1, 1998, the City issued \$5,000,000 in Series 1998 Revenue Bonds to advance refund outstanding 1992 Revenue Bonds and provide for system expansion. The interest rates vary from 3.7% to 4.6%. The remaining 1998 Revenue Bonds mature in fiscal years 2009 through 2019.

On January 4, 2005, the City issued \$3,880,000 in Series 2005 Revenue Bonds to provide for system expansion. The interest rate is 4.62%. The first principal payment is due in 2013.

On September 18, 2007, the City issued \$9,445,000 in Series 2007 Revenue Bonds to provide for system expansion. The interest rate varies from 3.6% to 4.0%.

The 1998, 2005 and 2007 revenue bonds are parity bonds in that they both have a first lien on water and sewerage system assets and revenues. The following summarizes the debt service requirements of the revenue bonds, excluding unamortized deferred refunding costs of the Series 1998 Revenue Bonds in the amount of \$3,034:

Fiscal Year Ending June 30,	1998 Revenue Bonds		2005 Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 395,000	\$ 78,000	\$ -	\$ 179,256
2014	230,000	64,465	165,000	179,256
2015	240,000	54,183	170,000	167,706
2016	250,000	43,340	180,000	159,621
2017	265,000	31,815	185,000	151,189
2018-2022	565,000	26,266	1,995,000	552,898
2023-2027	-	-	1,185,000	54,325
Total	\$ 1,945,000	\$ 298,069	\$ 3,880,000	\$ 1,444,251

	2007 Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2013	\$ 30,000	\$ 380,481	\$ 425,000	\$ 637,737
2014	50,000	379,041	445,000	622,762
2015	50,000	377,241	460,000	599,130
2016	50,000	375,441	480,000	578,402
2017	55,000	373,551	505,000	556,555
2018-2022	320,000	1,834,105	2,880,000	2,413,269
2023-2027	2,390,000	1,645,449	3,575,000	1,699,774
2028-2032	4,375,000	891,445	4,375,000	891,445
2033-2035	2,015,000	85,575	2,015,000	85,575
Total	\$ 9,335,000	\$ 6,342,329	\$ 15,160,000	\$ 8,084,649

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

Changes in Long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 400,000	\$ -	\$ (100,000)	\$ 300,000	\$ 100,000
Capital leases payable	559,562	428,631	(226,848)	761,345	336,281
Compensated absences	249,385	177,829	(199,508)	227,706	126,045
Net pension obligation	202,464	246,651	(246,651)	202,464	-
	<u>\$ 1,411,411</u>	<u>\$ 853,111</u>	<u>\$ (773,007)</u>	<u>\$ 1,491,515</u>	<u>\$ 562,326</u>
Business-Type activities:					
Revenue bonds	\$ 15,570,000	\$ -	\$ (410,000)	\$ 15,160,000	\$ 425,000
Less deferred refunding costs	(11,863)	8,829	-	(3,034)	-
	<u>15,558,137</u>	<u>8,829</u>	<u>(410,000)</u>	<u>15,156,966</u>	<u>425,000</u>
Notes payable	599,786	-	(84,257)	515,529	87,579
Capital leases payable	2,558,923	101,569	(428,118)	2,232,374	430,613
Compensated absences	14,018	4,529	(11,214)	7,333	4,443
Net pension obligation	17,190	20,942	(20,942)	17,190	-
Landfill postclosure care costs	68,763	-	(1,747)	67,016	3,500
	<u>3,258,680</u>	<u>127,040</u>	<u>(546,278)</u>	<u>2,839,442</u>	<u>526,135</u>
Total business-type activities	<u>\$ 18,816,817</u>	<u>\$ 135,869</u>	<u>\$ (956,278)</u>	<u>\$ 17,996,408</u>	<u>\$ 951,135</u>

The governmental activities, compensated absences and net pension obligations are generally liquidated by the general fund. For business-type activities, compensated absences and net pension obligations are liquidated by the proprietary funds. The landfill postclosure care costs are generally paid for by the solid waste fund.

F. Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes on March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Houston County.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	October 17	January 1
Due date and collection date	December 20	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

G. Hotel/Motel Taxes

The City levies and collects an 8% lodging tax which is reported in the Hotel/Motel Tax special revenue fund. In 2012, an amendment was made to the contract with the Perry Area Convention and Visitor's Bureau relative to the annual allocation. Under the terms of the new contract, the City is to pay the Visitor's Bureau an annual allocation the City determines to be appropriate based on the Visitor's Bureau's approved budget from the tourism promotion portion of the total accommodation excise tax collected. In no case shall that amount be less than 25% of total tax collections. The allocations are paid in monthly installments. The contract may be canceled by either party upon a 90-day notice. A summary of the hotel/motel excise tax receipts and expenditures for the fiscal year ended June 30, 2012 is as follows:

Expenditure by Purpose	Tax Receipts	Percentage
Perry Area Convention and Visitors Bureau	\$ 301,681	42%
General Fund	409,602	58%
Total expenditures	<u>\$ 711,283</u>	<u>100%</u>

The schedule above reflects current year revenues and expenditures relative to current year revenues. The City does not transfer their entire portion of hotel/motel excise tax receipts to the general fund. Therefore, the fund reports a year-end fund balance.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

H. Pension Plan

Plan Description

The City's defined benefit pension plan, City of Perry Retirement Plan, (the Plan) provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303-3606.

Freezing of Plan

Effective January 1, 2012, the plan is frozen to new entrants and participants (including officials) and shall not accrue any additional benefits. Participants are 100% vested in their accrued benefits. Due to the plan freeze, the asset method was changed to not allow the actuarial value of assets to exceed 120% of market value. These changes caused the recommended contribution to decrease by \$321,623 or 6.95% of payroll. There were no other changes in plan provisions, methods, or assumptions in this valuation. The adjustments relative to the freezing of the plan are reflected in the "Adjustment to the ARC" in the schedule on page 54.

Significant Accounting Policies

Basis of Accounting. The City of Perry financial statements are prepared using the modified accrual basis. Employer contributions are recognized in the period that the contributions are due.

Funding Policy

The plan members are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate; the current rate is 6.95% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

Annual Pension Cost

The City's annual pension costs for the last three years are as follows:

Three-Year Trend Information for the Plan

Year Ended	Annual Required Contribution	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2012	\$ 433,636	\$ 267,593	100%	\$ 219,654
6/30/2011	398,983	429,749	108%	219,654
6/30/2010	721,957	478,045	66%	250,420

For the fiscal year, the City's annual pension cost was \$267,593.

The required contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases is not applicable, (c) social security wage base increases are not applicable, (d) 3.5% inflation rate and (e) 3.5% cost of living adjustments. The Plan's unfunded actuarial accrued liability is level dollar over 10 years for the initial unfunded accrued liability.

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012 , the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ 9,741,346	\$ 10,214,953	\$ 473,607	95.36%	\$ 4,548,325	10.41%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2012.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2012
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	10
Asset valuation method	Sum of actuarial value at the beginning of the year and the cash flows 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 .

Actuarial assumptions:

Investment rate-of-return	7.75%
Projected salaries increases	N/A
Cost of living adjustments	3.50%
Inflation rate	3.50%

Membership of the Plan:

Retirees and beneficiaries receiving benefits	77
Terminated plan members entitled to, but not yet receiving benefits	99
Active plan members	121
Total	297

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

The City's annual pension costs and net pension obligation (asset) for the current year were determined as follows:

Annual required contribution (ARC)	\$	433,636
Interest on NPO		-
Adjustment to the ARC		(166,043)
Annual pension cost (APC)		267,593
Contributions made		267,593
Increase (decrease) in net pension obligation		-
Net pension obligation (asset) June 30, 2011		219,654
Net pension obligation (asset) June 30, 2012	\$	219,654

I. ICMA Retirement Plans

Section 401 Plan

In January 2012, the City adopted the City of Perry Defined Contribution Plan in the form of the ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. All fulltime employees, elected and appointed officials are eligible to participate in the Plan. There is no minimum age requirement relative to eligibility. However, employees must be actively participating in the 457 Plan to be eligible for the employer match. Employer matching contributions shall not exceed 3% of earnings. All fulltime employees and elected and appointed officials employed as of December 31, 2011 are considered 100% vested regardless of their length of service with the City. Other vesting in the plan is as follows: one year - 20% vested, two years - 40% vested, three years - 60% vested, four years 80% vested and five years - 100% vested. Participant loans are permitted under the Plan, subject to Plan provisions. Employer contributions for 2012 were \$58,276.

Section 457 Plan

In January 2012, the City adopted a 457 Deferred Compensation Plan in the form of ICMA Retirement Corporation Deferred Compensation Plan and Trust. Per the Plan document, employees may make voluntary after tax contributions to the plan, subject to the limitations. Participant loans are permitted under the Plan, subject to Plan provisions.

J. Risk Management

The City is exposed to various risks of loss related to torts, personal property (i.e., theft, damage and destruction) and injury to employees. The City has insurance coverage with the Georgia Interlocal Risk Management Agency (GIRMA). Losses relative to these risks are limited to a \$1,000 to \$5,000 deductible provided for in the GIRMA contracts. During the past three years, settlements have not exceeded the coverages.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

The City provides a self-insured health and dental plan for its employees. This plan is accounted for in the general fund and funded accordingly to the historical cost of health and dental benefits provided to city employees. The City purchases specific and aggregate stop loss insurance to protect itself in unusual circumstances. Claims payable consists of claims incurred but not yet paid as of June 30, 2012 and were estimated based on the Loss Analysis Report provided by the third-party administrator and pending specific stop loss reimbursements.

Changes in claims payable are as follows:

	Year Ended June 30,		
	2012	2011	2010
Beginning	\$ 103,985	\$ 33,643	\$ 93,709
Claims Incurred	1,949,232	1,339,212	983,861
Claims Paid	(1,944,143)	(1,268,870)	(1,043,927)
Ending	\$ 109,074	\$ 103,985	\$ 33,643

The City has joined with other municipalities in the state as part of GIRMA and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as a common risk management and insurance programs for member local governments. The Georgia Municipal Association administers both risk pools. As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' 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. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contract and in accordance with the Workers' Compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

K. Contracts

The City has a contract with the Perry Area Convention and Visitors Bureau whereby the Authority will staff and maintain a facility for tourism development, visitor information, and a rest area for travelers and for the general promotion of the City. During the term of the contract, the City is required to pay to the Authority no less than 25% of all hotel/motel tax revenues collected by the City. The contract may be canceled by either party upon a 90-day notice.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

The City has a contract with the Perry Area Chamber of Commerce whereby the Chamber will promote and publicize the City of Perry. Under the terms of this agreement, the City pays the Chamber \$6,000 a year (\$500 monthly). The term of this contract is from July 1 to June 30 and is reconsidered yearly.

The City has entered into various contracts relative to natural gas supply whereby the City along with other participating municipalities is jointly and severally liable for costs under these contracts.

L. Contingent Liabilities

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

M. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the eleven county middle Georgia area, is a member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RC in Georgia. RC board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 C Emery Highway
Macon, Georgia 31217

The City of Perry, together with the cities of Warner Robins, Hawkinsville and Cochran, Georgia, formed the Jointly-Owned Natural Gas Transmission Line in 1953. The JOTL was established to provide maintenance and related services for a natural gas transmission line serving the above cities and their customers. A board of directors, composed of one member from each of the cities, manages the JOTL. The JOTL's major source of revenue consists of reimbursements for operating expenses and capital outlays from member cities. The JOTL's financial records are maintained on a fiscal year ending September 30 of each year. A separately issued financial report is available and may be obtained from:

Jointly-Owned Natural Gas
P.O. Box 1545
Warner Robins, Georgia 31099

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

The following is a summary schedule of the JOTL's basic financial statements for the year ended September 30, 2011:

Cash and cash equivalents	\$ 83,925
Other assets	<u>4,017,525</u>
Total assets	<u>\$ 4,101,450</u>
Liabilities	\$ 561,753
Net assets-unreserved	<u>3,539,697</u>
Total liabilities and net assets	<u>\$ 4,101,450</u>

As of June 30, 2012, the City has an approximate 17 percent equity interest in the JOTL. This equity interest is recorded in the proprietary funds statement of net assets.

In March 1994, the Perry-Houston County Airport Authority was created by renaming the Perry-Fort Valley Airport Authority (H.B. No. 2027, Act No. 718 of the Georgia General Assembly). On May 17, 2004, H.B. No. 1684, Act No. 755 was passed by the Georgia General Assembly amending the membership requirements. Members of the Authority consist of the mayor of the City of Perry and the chairman of the Houston County Commissioners or their respective designee and five additional members appointed by the council and commissioners. Appointment of a majority of Authority members alternates between Perry and Houston County. Separate financial statements may be obtained from:

Perry-Houston County Airport Authority
P.O. Box 1572
Perry, Georgia 31069

The City does not have an equity interest in the Perry-Houston County Airport Authority. The City has an ongoing financial interest due to the fact that the Authority's continued operations at current levels depend on the City's financial support. For the fiscal year 2012, the City contributed \$44,600 relative to this support.

CITY OF PERRY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(CONTINUED)

N. Related Organizations

The Mayor of the City of Perry, Georgia is responsible for appointing the members of the Perry Housing Authority. The Perry Housing Authority has a six-member board with staggered terms. The City of Perry is also responsible for appointing board members to the Houston County Library Board. The City's accountability for these organizations does not extend beyond making the appointments.

O. Commitments

As of June 30, 2012, the City has commitments relative to various construction projects as follows:

A Transportation Enhancement Grant awarded to the City by the Georgia Department of Transportation (DOT) in the original amount of \$400,000. During 2012, the City did not drawdown any funds relative to this project.

A Transportation Enhancement Grant (TEE) awarded to the City by the Georgia DOT in the original amount of \$250,000. The City has a local match requirement of 20% of the projects total cost. As of June 30, 2012, no funds have been drawn down or expended on this project.

The City of Perry is committed to fund its portion of operating expenses and capital outlay for the Jointly-Owned Transmission Line System. This cost is not determinable at this time.

P. Invested in Capital Assets, Net of Related Debt

Invested in Capital Assets, net of related debt on the Government-wide statement of net assets as of June 30, 2012 are as follows:

	Governmental Activities	Business Type Activities
Invested in capital assets, net of related debt:		
Cost of capital assets	\$ 65,806,189	\$ 57,397,938
Less accumulated depreciation	(21,558,563)	(17,291,559)
Book value	44,247,626	40,106,379
Less all capital related debt	(761,345)	(17,907,903)
Add unspent bond proceeds	-	5,007,536
Invested in capital assets, net of related debt	<u>\$ 43,486,281</u>	<u>\$ 27,206,012</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PERRY, GEORGIA

RETIREMENT PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ 9,741,346	\$ 10,214,953	\$ 473,607	95.4%	\$ 4,548,325	10.4%
1/1/2011	10,143,001	10,550,575	407,574	96.1%	4,663,472	8.7%
1/1/2010	9,567,428	9,988,702	421,274	95.8%	4,662,654	9.1%

SUPPLEMENTARY INFORMATION

(THIS PAGE INTENTIONALLY LEFT BLANK)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Confiscated Assets Fund – This fund accounts for cash received from the sale of confiscated assets and confiscated assets that are no longer subject to court jurisdiction.

Hotel/Motel Tax Fund – This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

System of Care Fund – This fund accounts for revenues received under a grant from the Governor's Office for Children and Families. These funds are passed through the City to various subrecipients, per the agreement.

2008 CDBG Fund – This fund accounts for revenues received under a grant from the Georgia Department of Community Affairs for the Grace Recovery Center, a phase II addition to the Homeless Shelter.

Judicial Assistance Grant Fund – This fund accounts for revenues received under a grant from the U.S. Department of Justice for public safety operations.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Projects Fund – This fund accounts for capital projects of the City that are not required to be reported in a separate fund.

Impact Fees Fund – This fund accounts for impact fees charges per the City of Perry Development Impact Fee Ordinance for system improvements for public safety (fire) and parks.

SPLOST Construction Fund 2006 – This fund is used to account for the construction and improvements in accordance with the 2006 sales tax referendum.

TE Construction Fund – This fund accounts for the activities related to the Transportation Enhancement Project.

CITY OF PERRY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds					
	Confiscated Assets	Hotel/Motel Tax	System of Care Grant	2008 CDBG	Judicial Assistance Grant	Total
ASSETS						
Cash and cash equivalents	\$ 20,150	\$ 118,565	\$ 142,451	\$ 2,414	\$ -	\$ 283,580
Investments	-	-	-	-	-	-
Due from other funds	1,794	-	-	-	-	1,794
Due from other governments	-	-	110,728	-	20,361	131,089
Taxes receivable	-	68,163	-	-	-	68,163
Other receivables	-	25,515	-	-	-	25,515
Total assets	\$ 21,944	\$ 212,243	\$ 253,179	\$ 2,414	\$ 20,361	\$ 510,141
LIABILITIES						
Accounts payable	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ 43
Accrued liabilities	-	4,238	-	-	-	4,238
Due to other funds	-	102,762	38,259	-	20,361	161,382
Total liabilities	43	107,000	38,259	-	20,361	165,663
FUND BALANCES						
Restricted	21,901	15,687	214,920	2,414	-	254,922
Assigned	-	89,556	-	-	-	89,556
Total fund balances	21,901	105,243	214,920	2,414	-	344,478
Total liabilities and fund balances	\$ 21,944	\$ 212,243	\$ 253,179	\$ 2,414	\$ 20,361	\$ 510,141

CITY OF PERRY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012
(CONTINUED)

Capital Projects Fund					Total Nonmajor Governmental Funds
Capital Projects	Impact Fees	SPLOST Construction 2006	TE Construction	Total	
\$ 188,195	\$ -	\$ 1,373,050	\$ -	\$ 1,561,245	\$ 1,844,825
-	-	-	-	-	-
-	155,065	-	28,573	183,638	185,432
-	-	165,549	-	165,549	296,638
-	-	-	-	-	68,163
-	-	-	-	-	25,515
<u>\$ 188,195</u>	<u>\$ 155,065</u>	<u>\$ 1,538,599</u>	<u>\$ 28,573</u>	<u>\$ 1,910,432</u>	<u>\$ 2,420,573</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43
-	-	-	-	-	4,238
184,118	-	93,611	-	277,729	439,111
<u>184,118</u>	<u>-</u>	<u>93,611</u>	<u>-</u>	<u>277,729</u>	<u>443,392</u>
-	155,065	1,444,988	28,573	1,628,626	1,883,548
4,077	-	-	-	4,077	93,633
<u>4,077</u>	<u>155,065</u>	<u>1,444,988</u>	<u>28,573</u>	<u>1,632,703</u>	<u>1,977,181</u>
<u>\$ 188,195</u>	<u>\$ 155,065</u>	<u>\$ 1,538,599</u>	<u>\$ 28,573</u>	<u>\$ 1,910,432</u>	<u>\$ 2,420,573</u>

CITY OF PERRY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds					
	Confiscated Assets	Hotel/Motel Tax	System of Care Grant	2008 CDBG	Judicial Assistance Grant	Total
REVENUES						
Other taxes	\$ -	\$ 711,283	\$ -	\$ -	\$ -	\$ 711,283
Intergovernmental	-	-	465,424	164,431	34,873	664,728
Fines and forfeitures	30,569	-	-	-	-	30,569
Impact fees	-	-	-	-	-	-
Investment earnings	230	79	61	-	-	370
Contributions	-	-	6,790	-	-	6,790
Miscellaneous	-	254,276	-	-	-	254,276
Total revenues	30,799	965,638	472,275	164,431	34,873	1,668,016
EXPENDITURES						
Current:						
General government	-	775,101	327,657	6,250	-	1,109,008
Public safety	7,087	-	-	-	19,976	27,063
Public works	-	-	-	-	-	-
Debt Service:						
Principal	-	100,000	-	-	-	100,000
Interest	-	7,280	-	-	-	7,280
Capital outlay	290,608	5,864	-	157,650	14,897	469,019
Total expenditures	297,695	888,245	327,657	163,900	34,873	1,712,370
Excess (deficiency) of revenues over (under) expenditures	(266,896)	77,393	144,618	531	-	(44,354)
OTHER FINANCING SOURCES (USES)						
Transfers in	13,243	-	-	-	-	13,243
Transfers out	-	(34,440)	-	-	-	(34,440)
Total other financing sources (uses)	13,243	(34,440)	-	-	-	(21,197)
Net change in fund balances	(253,653)	42,953	144,618	531	-	(65,551)
Fund balances - Beginning of year	275,554	62,290	70,302	1,883	-	410,029
Fund balances - End of year	\$ 21,901	\$ 105,243	\$ 214,920	\$ 2,414	\$ -	\$ 344,478

CITY OF PERRY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)

Capital Project Funds						Total Nonmajor Governmental Funds
Capital Projects	Impact Fees	SPLOST Construction 2006	TE Construction	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$	711,283
-	-	863,255	-	863,255		1,527,983
-	-	-	-	-		30,569
-	64,273	-	-	64,273		64,273
35	109	1,282	25	1,451		1,821
-	-	-	-	-		6,790
-	-	-	-	-		254,276
35	64,382	864,537	25	928,979		2,596,995
-	-	-	-	-		1,109,008
-	-	-	-	-		27,063
15,025	-	502,324	-	517,349		517,349
-	-	-	-	-		100,000
-	-	-	-	-		7,280
128,198	-	157,766	-	285,964		754,983
143,223	-	660,090	-	803,313		2,515,683
(143,188)	64,382	204,447	25	125,666		81,312
144,178	-	-	-	144,178		157,421
-	-	-	-	-		(34,440)
144,178	-	-	-	144,178		122,981
990	64,382	204,447	25	269,844		204,293
3,087	90,683	1,240,541	28,548	1,362,859		1,772,888
\$ 4,077	\$ 155,065	\$ 1,444,988	\$ 28,573	\$ 1,632,703	\$	1,977,181

CITY OF PERRY, GEORGIA

CONFISCATED ASSETS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Fines and forfeitures	\$ 32,200	\$ 30,569	\$ (1,631)
Investment earnings	200	230	30
Total revenues	32,400	30,799	(1,601)
EXPENDITURES			
Current			
Public safety	7,100	7,087	13
Capital outlay	290,700	290,608	92
Total expenditures	297,800	297,695	105
Excess (deficiency) of revenues over (under) expenditures	(265,400)	(266,896)	(1,496)
OTHER FINANCING SOURCES (USES)			
Transfer in	13,300	13,243	(57)
Total other financing sources (uses)	13,300	13,243	(57)
Net change in fund balances	(252,100)	(253,653)	(1,553)
Fund balances - Beginning of year	275,554	275,554	-
Fund balances - End of year	\$ 23,454	\$ 21,901	\$ (1,553)

CITY OF PERRY, GEORGIA

HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Taxes	\$ 711,200	\$ 711,283	\$ 83
Investment earnings	75	79	4
Miscellaneous	250,425	254,276	3,851
Total revenues	961,700	965,638	3,938
EXPENDITURES			
Current			
General government	775,500	775,101	399
Debt service:			
Principal	100,000	100,000	-
Interest	7,300	7,280	20
Capital Outlay	6,000	5,864	136
Total expenditures	888,800	888,245	555
Excess (deficiency) of revenues over (under) expenditures	72,900	77,393	4,493
OTHER FINANCING SOURCES (USES)			
Transfer out	(34,500)	(34,440)	60
Net change in fund balances	38,400	42,953	4,553
Fund balances - Beginning of year	62,290	62,290	-
Fund balances - End of year	\$ 100,690	\$ 105,243	\$ 4,553

CITY OF PERRY, GEORGIA

SYSTEM OF CARE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 354,600	\$ 465,424	\$ 110,824
Contributions	6,700	6,790	90
Investment earnings	-	61	61
Total revenues	361,300	472,275	110,975
EXPENDITURES			
Current			
General government	327,800	327,657	143
Total expenditures	327,800	327,657	143
Excess (deficiency) of revenues over (under) expenditures	33,500	144,618	111,118
Fund balances - Beginning of year	70,302	70,302	-
Fund balances - End of year	\$ 103,802	\$ 214,920	\$ 111,118

CITY OF PERRY, GEORGIA

2008 CDBG SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 164,400	\$ 164,431	\$ 31
Total revenues	164,400	164,431	31
EXPENDITURES			
Current			
General government	6,250	6,250	-
Capital outlay	157,650	157,650	-
Total expenditures	163,900	163,900	-
Excess (deficiency) of revenues over (under) expenditures	500	531	31
Fund balances - Beginning of year	1,883	1,883	-
Fund balances - End of year	\$ 2,383	\$ 2,414	\$ 31

CITY OF PERRY, GEORGIA

JUDICIAL ASSISTANCE GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 34,900	\$ 34,873	\$ (27)
Total revenues	34,900	34,873	(27)
EXPENDITURES			
Current			
Public safety	20,000	19,976	24
Capital outlay	14,900	14,897	3
Total expenditures	34,900	34,873	27
Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Net change in fund balances	-	-	-
Fund balances - Beginning of year	-	-	-
Fund balances - End of year	\$ -	\$ -	\$ -

CITY OF PERRY, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITY
 AGENCY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	June 30, 2011	Additions	Deletions	June 30, 2012
<u>Police Pre-Confiscated Assets Fund</u>				
ASSETS				
Cash	\$ 6,808	\$ 25,773	\$ 29,228	\$ 3,353
Total assets	\$ 6,808	\$ 25,773	\$ 29,228	\$ 3,353
LIABILITY				
Payable from assets				
Confiscated assets pending disposition	\$ 6,808	\$ 25,773	\$ 29,228	\$ 3,353

CITY OF PERRY, GEORGIA

PERRY INDUSTRIAL BUILDING AUTHORITY
BALANCE SHEET
JUNE 30, 2012

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$ 235,023</u>
Total Assets	<u><u>\$ 235,023</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	<u>\$ -</u>
Total Liabilities	<u>-</u>
Fund Balances:	
Unassigned	<u>235,023</u>
Total Fund Balances	<u>235,023</u>
Total Liabilities and Fund Balances	<u><u>\$ 235,023</u></u>

CITY OF PERRY, GEORGIA

PERRY INDUSTRIAL BUILDING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
JUNE 30, 2012

	<u>General Fund</u>
<u>REVENUES:</u>	
Interest Earnings	<u>\$ 2,231</u>
Total Revenues	<u>2,231</u>
<u>EXPENDITURES:</u>	
Current:	
General Government	<u>-</u>
Total Expenditures	<u>-</u>
Net change in fund balances	2,231
Fund Balance - Beginning of year	<u>232,792</u>
Fund Balance - End of year	<u><u>\$ 235,023</u></u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

III. STATISTCAL SECTION

(THIS PAGE INTENTIONALLY LEFT BLANK)

STATISTICAL SECTION

This part of the City of Perry's comprehensive annual financial reports presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	72-79
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	80-86
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	87-91
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	92-95
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	96-97
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

(THIS PAGE INTENTIONALLY LEFT BLANK)

City of Perry, Georgia
Net Assets by Component, Last Ten Fiscal years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 9,584,331	\$ 10,217,006	\$ 22,831,902	\$ 20,177,671	\$ 21,101,737	\$ 24,520,365	\$ 39,638,909	\$ 40,372,191	\$ 41,158,197	\$ 43,486,281
Restricted	-	-	-	-	69,207	522,379	617,583	1,250,369	1,782,171	2,018,810
Unrestricted	2,712,226	2,505,579	2,562,389	3,217,689	3,496,938	2,796,782	2,232,820	1,107,129	1,382,365	2,202,263
Total governmental activities net assets	\$ 12,296,557	\$ 12,722,585	\$ 25,394,291	\$ 23,395,360	\$ 24,667,882	\$ 27,839,526	\$ 42,489,312	\$ 42,729,689	\$ 44,322,733	\$ 47,707,354
Business-type activities										
Invested in capital assets, net of related debt	\$ 8,602,578	\$ 9,031,346	\$ 9,379,934	\$ 9,887,570	\$ 11,245,295	\$ 14,956,655	\$ 23,957,133	\$ 24,782,664	\$ 26,112,142	\$ 27,206,012
Restricted	725,739	771,604	842,004	947,450	1,020,843	1,530,836	1,297,318	1,401,716	1,572,771	1,705,382
Unrestricted	1,544,608	1,324,677	1,401,840	1,517,544	2,053,888	2,207,294	1,136,503	1,508,631	2,497,698	2,750,048
Total business-type activities net assets	\$ 10,872,925	\$ 11,127,627	\$ 11,623,778	\$ 12,352,564	\$ 14,320,026	\$ 18,694,785	\$ 26,390,954	\$ 27,693,011	\$ 30,182,611	\$ 31,661,442
Primary government										
Invested in capital assets, net of related debt	\$ 18,186,909	\$ 19,248,352	\$ 32,211,836	\$ 30,065,241	\$ 32,347,032	\$ 39,477,020	\$ 63,596,042	\$ 65,154,855	\$ 67,270,339	\$ 70,692,293
Restricted	725,739	771,604	842,004	947,450	1,090,050	2,053,215	1,914,901	2,652,085	3,354,942	3,724,192
Unrestricted	4,256,834	3,830,256	3,964,229	3,217,689	5,550,826	5,004,076	3,369,323	2,615,760	3,880,063	4,952,311
Total primary government net assets	\$ 23,169,482	\$ 23,850,212	\$ 37,018,069	\$ 34,230,380	\$ 38,987,908	\$ 46,534,311	\$ 68,880,266	\$ 70,422,700	\$ 74,505,344	\$ 79,368,796

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.
In fiscal year 2009 capital assets for governmental and business-type activities increased due to the City's acceptance of donated infrastructure from developers.

City of Perry, Georgia
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 3,430,487	\$ 3,321,206	\$ 2,786,595	\$ 3,020,811	\$ 3,830,972	\$ 4,782,640	\$ 5,005,881	\$ 4,909,398	\$ 5,400,595	\$ 5,727,426
Fire	678,434	718,830	841,229	-	-	-	-	-	-	-
Law enforcement	2,160,042	2,134,229	2,529,471	-	-	-	-	-	-	-
Public safety	-	-	-	3,580,667	4,101,653	4,521,696	4,948,762	4,668,275	4,822,567	4,664,379
Public works	1,090,730	1,139,680	1,078,384	1,993,266	2,022,636	3,058,101	3,502,393	3,077,136	2,938,046	3,696,463
Recreation	494,603	545,860	504,217	547,300	600,695	604,578	762,759	1,214,175	754,375	628,819
Housing and Development	-	-	-	-	-	-	-	-	-	98,417
Interest on long-term debt	65,268	53,596	30,016	33,942	43,377	38,424	30,390	24,206	26,979	24,824
Depreciation-unallocated	-	-	711,729	-	-	-	-	-	-	-
Total governmental activities expenses	7,919,564	7,913,401	8,481,641	9,175,986	10,599,333	13,005,439	14,250,185	13,893,190	13,942,562	14,840,328
Business-type activities:										
Water and sewerage system	2,815,130	2,990,582	3,035,856	3,416,440	3,723,435	4,289,140	4,711,813	4,435,805	4,726,726	5,318,365
Gas system	3,388,774	3,527,018	4,146,531	5,006,767	3,606,156	4,136,258	4,045,331	3,288,164	3,018,220	2,553,870
Solid Waste	697,006	709,161	741,258	758,342	923,453	1,070,990	1,113,804	1,032,283	1,095,164	1,053,980
Revolving Loan Fund	-	-	-	-	-	-	-	-	1,505	764
Total business-type activities expense	6,900,910	7,226,761	7,923,645	9,181,549	8,253,044	9,496,388	9,870,948	8,756,252	8,841,615	8,926,979
Total primary government expenses	\$ 14,820,474	\$ 15,140,162	\$ 16,405,286	\$ 18,357,535	\$ 18,852,377	\$ 22,501,827	\$ 24,121,133	\$ 22,649,442	\$ 22,784,177	\$ 23,767,307
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,068,526	\$ 924,520	\$ 785,134	\$ 949,719	\$ 1,979,950	\$ 2,280,826	\$ 2,824,202	\$ 2,576,860	\$ 2,977,195	\$ 3,341,070
Public safety	876,129	613,151	581,416	645,073	1,167,014	843,957	668,410	832,034	745,912	679,303
Public works	140,760	171,726	191,115	158,649	7,668	20,733	28,864	36,589	727,413	12,748
Recreation	96,031	84,107	74,829	78,698	79,348	52,798	59,982	71,595	84,496	79,323
Operating grants and contributions	223,855	233,612	30,186	213,682	-	-	39,611	59,660	353,326	511,899
Capital grants and contributions	846,349	839,229	5,000	295,049	486,254	4,217,924	12,888,756	2,362,756	1,874,479	4,330,530
Total governmental activities program revenues	3,251,650	2,866,345	1,667,680	2,340,870	3,720,234	7,416,238	16,509,825	5,939,494	6,762,821	8,954,873

City of Perry, Georgia
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services:										
Water and sewerage	2,371,231	2,814,742	3,438,578	4,164,438	4,690,505	4,015,826	3,840,234	4,748,904	5,503,160	5,381,152
Gas	3,401,203	3,720,156	4,155,094	4,932,443	4,355,278	4,582,797	4,198,216	3,865,318	3,553,258	2,777,812
Solid waste	619,938	653,789	751,487	828,672	943,459	970,881	1,108,597	1,150,433	1,114,365	1,128,539
Revolving Loan fund	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	76,228	37,462
Capital grants and contributions	-	-	-	-	190,032	4,145,450	8,430,059	365,288	1,347,008	1,500,298
Total business-type activities program revenues	6,392,372	7,188,687	8,345,159	9,925,553	10,179,274	13,714,954	17,577,106	10,129,943	11,594,019	10,825,263
Total primary government program revenues	\$ 9,644,022	\$ 10,055,032	\$ 10,012,839	\$ 12,266,423	\$ 13,899,508	\$ 21,131,192	\$ 34,086,931	\$ 16,069,437	\$ 18,356,840	\$ 19,780,136

Net (Expenses)/Revenue										
Governmental activities	\$ (4,667,914)	\$ (5,047,056)	\$ (6,813,961)	\$ (6,835,116)	\$ (6,879,099)	\$ (5,589,201)	\$ 2,259,640	\$ (7,953,696)	\$ (7,179,741)	\$ (5,885,456)
Business-type activities	(508,538)	(38,074)	421,514	744,004	1,926,230	4,218,566	7,706,158	1,373,691	2,752,404	1,898,284
Total primary government net (expense)/revenue	\$ (5,176,452)	\$ (5,085,130)	\$ (6,392,447)	\$ (6,091,112)	\$ (4,952,869)	\$ (1,370,635)	\$ 9,965,798	\$ (6,580,005)	\$ (4,427,337)	\$ (3,987,172)

General Revenue and Other Changes in Net Assets

Governmental activities:										
Taxes										
Property taxes	\$ 2,866,071	\$ 3,090,599	\$ 3,511,302	\$ 3,765,951	\$ 4,420,608	\$ 5,018,453	\$ 5,388,329	\$ 5,553,366	\$ 5,858,558	\$ 6,003,452
Sales taxes	-	-	652,045	786,583	925,377	915,829	-	-	-	-
Occupational taxes	-	-	114,982	122,273	126,372	135,256	136,652	130,721	159,777	172,437
Franchise taxes	815,713	815,715	788,386	770,168	787,041	868,100	940,461	898,714	963,109	1,016,175
Insurance premium taxes	-	412,455	446,989	480,902	503,143	524,835	537,407	532,365	516,893	649,107
Hotel motel taxes	582,703	615,510	665,560	684,496	680,236	744,570	661,485	676,347	720,652	711,283
Alcoholic beverage taxes	236,752	248,868	259,068	254,392	256,111	263,447	266,795	255,007	245,627	257,945
Grants and contributions not restricted	164,625	166,718	230,287	12,554	-	-	-	-	-	-
Interest revenue	34,599	17,928	46,200	96,784	116,545	115,489	30,823	9,426	6,269	6,067
Miscellaneous	72,245	77,803	281,005	248,910	-	-	-	-	-	-
Gain on sale of capital assets	27,869	-	-	15,114	437,522	-	-	-	-	-
Transfers	(43,442)	27,488	27,459	98,275	124,513	174,866	172,434	138,127	301,900	453,611
Total governmental activities	4,757,135	5,473,084	7,132,450	4,836,185	8,377,468	8,760,845	8,134,386	8,194,073	8,772,785	9,270,077

City of Perry, Georgia
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Interest revenue	73,294	59,556	53,147	78,979	107,845	331,059	162,445	66,493	39,096	34,158
Miscellaneous	233,645	260,708	12,258	4,078	-	-	-	-	-	-
Transfers	43,442	(27,488)	(27,459)	(98,275)	(124,513)	(174,866)	(172,434)	(138,127)	(301,900)	(453,611)
Total business-type activities	350,381	292,776	74,637	(15,218)	(16,668)	156,193	(9,989)	(71,634)	(262,804)	(419,453)
Total primary government	\$ 5,107,516	\$ 5,765,860	\$ 7,207,087	\$ 4,820,967	\$ 8,360,800	\$ 8,917,038	\$ 8,124,397	\$ 8,122,439	\$ 8,509,981	\$ 8,850,624
Change in Net Assets										
Governmental activities	\$ 89,221	\$ 426,028	\$ 318,489	\$ (1,998,931)	\$ 1,498,369	\$ 3,171,644	\$ 10,394,026	\$ 240,377	\$ 1,593,044	\$ 3,384,621
Business-type activities	(158,157)	254,702	496,151	728,786	1,909,562	4,374,759	7,696,169	1,302,057	2,489,600	1,478,831
Total primary government	\$ (68,936)	\$ 680,730	\$ 814,640	\$ (1,270,145)	\$ 3,407,931	\$ 7,546,403	\$ 18,090,195	\$ 1,542,434	\$ 4,082,644	\$ 4,863,452

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.
In fiscal year 2006, the City combined fire and law enforcement into one function/program, public safety.
In fiscal year 2009, grants and contributions increased for governmental and business-type activities due to the City's acceptance of donated infrastructure from developers.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenue.

City of Perry, Georgia
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 2,006,820	\$ 1,956,477	\$ 789,362	\$ 1,418,164	\$ 2,155,620	\$ 2,456,921	\$ 2,888,938	\$ 2,576,860	\$ 3,330,499	\$ 4,009,325
Fire	382,695	-	-	-	-	-	-	-	-	-
Law enforcement	580,340	631,319	599,520	-	-	-	-	-	-	-
Public safety	-	-	-	664,887	1,319,266	889,272	955,828	1,165,993	1,018,400	901,757
Public works	170,876	190,397	198,912	179,121	150,310	3,940,097	12,458,044	2,003,189	2,212,991	3,822,039
Recreation	110,919	88,152	79,886	78,698	95,038	129,948	207,015	193,452	200,931	221,752
Subtotal governmental activities	3,251,650	2,866,345	1,667,680	2,340,870	3,720,234	7,416,238	16,509,825	5,939,494	6,762,821	8,954,873
Business-type activities:										
Water and Sewerage system	2,371,231	2,814,742	3,438,578	4,164,438	4,880,537	8,161,276	12,270,293	5,114,192	6,850,168	6,881,450
Gas system	3,401,203	3,720,156	4,155,094	4,932,443	4,355,278	4,582,797	4,198,216	3,865,318	3,565,558	2,780,202
Solid Waste	619,938	653,789	751,487	828,672	943,459	970,881	1,108,597	1,150,433	1,114,365	1,128,539
Revolving Loan Fund	-	-	-	-	-	-	-	-	63,928	35,072
Subtotal business-type activities	6,392,372	7,188,687	8,345,159	9,925,553	10,179,274	13,714,954	17,577,106	10,129,943	11,594,019	10,825,263
Total primary government	\$ 9,644,022	\$ 10,055,032	\$ 10,012,839	\$ 12,266,423	\$ 13,899,508	\$ 21,131,192	\$ 34,086,931	\$ 16,069,437	\$ 18,356,840	\$ 19,780,136

Notes: In fiscal year 2006, the City combined fire and law enforcement into one function/program, public safety, on the statement of activities.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

In fiscal year 2009, public works and water and sewerage system includes contributions from developers accepted by the City.

In fiscal year 2010, development in the City of Perry slowed down dramatically.

In fiscal year 2011, the City received a grant from GEFA for a revolving loan fund.

In fiscal year 2012, the City created a housing and development department for economic development.

City of Perry, Georgia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 48,983	\$ 25,670	\$ 37,731	\$ 31,208	\$ 44,799	\$ 40,427	\$ 32,629	\$ 21,165	\$ -	\$ -
Unreserved	2,178,893	2,039,253	2,397,224	2,797,089	3,446,767	3,210,623	2,257,538	1,787,001	-	-
Nonspendable	-	-	-	-	-	-	-	-	27,462	22,224
Restricted	-	-	-	-	-	-	-	-	49,986	135,262
Assigned	-	-	-	-	-	-	-	-	367,338	429,994
Unassigned	-	-	-	-	-	-	-	-	1,788,898	2,330,679
Total General Fund	\$ 2,227,876	\$ 2,064,923	\$ 2,434,955	\$ 2,828,297	\$ 3,491,566	\$ 3,251,050	\$ 2,290,167	\$ 1,808,166	\$ 2,233,684	\$ 2,918,159
All Other Governmental Funds										
Reserved	\$ 57,291	\$ 42,760	\$ 45,997	\$ 48,098	\$ 24,408	\$ 413,827	\$ 584,954	\$ 1,229,204	\$ -	\$ -
Unreserved:										
Special Revenue Funds	37,291	47,477	61,972	67,312	432,139	32,602	41,342	(13,504)	-	-
Capital Projects Funds	430,545	399,883	12,464	333,403	(276,631)	(303,850)	-	-	-	-
Debt Service Fund	52,640	56,982	59,481	62,896	64,657	68,125	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	1,732,185	1,883,548
Assigned	-	-	-	-	-	-	-	-	40,703	93,633
Total all other governmental funds	\$ 520,476	\$ 547,102	\$ 179,914	\$ 511,709	\$ 244,573	\$ 210,704	\$ 626,296	\$ 1,215,700	\$ 1,772,888	\$ 1,977,181

Notes: In 2007, the General Fund unreserved fund balance increase was due to additional property tax revenues received due to reassessments.
In 2007, the Special Revenue fund balance increase was due to increased fines and forfeitures received from major case being solved.
Deficit in Capital Projects fund balance resulted from expenditures incurred 92-95
Information above has been presented as of the date of GASB 34 Implementation.
In 2009, the debt service fund was closed.
The City implemented GASB 54 during 2011, prior years have not been restated

City of Perry, Georgia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	\$ 2,798,764	\$ 3,030,212	\$ 3,440,818	\$ 3,827,785	\$ 4,465,123	\$ 4,953,388	\$ 5,292,733	\$ 5,633,582	\$ 5,941,516	\$ 5,958,216
Sales taxes	-	-	-	-	925,377	915,829	-	-	-	-
Other taxes	2,126,308	2,280,702	2,274,985	2,312,231	2,352,903	2,536,208	2,542,800	2,493,154	2,606,058	2,806,947
Licenses and permits	116,745	169,507	219,697	407,822	482,776	348,795	208,075	232,539	182,226	248,058
Impact fees	-	-	-	-	-	-	-	59,534	46,200	64,273
Charges for services	370,006	409,744	440,698	463,399	804,398	1,311,747	1,637,319	1,413,291	1,588,335	1,497,634
Administrative	573,431	551,481	397,546	329,417	377,926	369,646	629,966	407,827	476,623	493,474
Intergovernmental	1,070,679	750,311	861,250	1,108,449	473,520	604,118	1,713,841	1,399,561	2,072,920	2,262,764
Contributions from private sources	19,557	7,379	10,191	12,554	12,734	41,532	98,183	48,022	49,757	33,321
Fines and forfeitures	446,239	517,111	474,572	515,913	1,045,739	660,217	515,697	655,688	582,025	486,462
Investment earnings	34,599	17,928	46,200	96,784	116,545	115,489	30,823	9,426	7,127	7,888
Other revenues	400,724	288,939	376,896	361,604	523,140	489,730	590,401	536,518	946,235	1,315,754
Total revenues	7,957,052	8,023,314	8,542,853	9,435,958	11,580,181	12,346,699	13,259,838	12,889,142	14,499,022	15,174,791
Expenditures										
General government	3,009,897	3,044,074	2,617,844	2,897,604	3,698,682	4,302,030	4,881,075	4,850,229	4,113,182	4,703,862
Fire	593,866	609,980	728,832	-	-	-	-	-	-	-
Law Enforcement	2,023,588	2,021,961	2,280,288	-	-	-	-	-	-	-
Public Safety	-	-	-	3,301,474	3,834,182	4,251,243	4,746,345	4,401,840	4,758,653	4,598,028
Public Works	953,943	959,581	1,038,822	1,175,482	1,303,550	1,873,886	2,424,146	1,930,565	2,567,801	3,042,621
Recreation	408,902	463,729	395,868	458,311	508,089	508,473	667,007	1,117,245	672,863	626,369
Debt service										
Principal	317,739	470,716	374,128	354,017	363,285	391,033	449,827	343,427	379,709	326,848
Interest	56,695	51,782	37,384	30,162	43,377	38,424	30,390	21,382	20,357	25,678
Capital outlay	1,347,048	825,219	1,363,244	1,251,678	2,157,499	1,836,662	1,011,443	784,545	1,710,093	1,871,249
Miscellaneous	4,941	1,012	1,272	-	16,211	12,549	-	-	-	-
Pass-through grants	169,594	25,000	-	-	-	-	-	-	-	-
Total expenditures	8,886,213	8,473,054	8,837,682	9,468,728	11,924,875	13,214,300	14,210,233	13,449,233	14,222,658	15,194,655
Excess of revenues over (under) expenditures	(929,161)	(449,740)	(294,829)	(32,770)	(344,694)	(867,601)	(950,395)	(560,091)	276,364	(19,864)

City of Perry, Georgia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Transfers from other funds	705,388	219,083	213,002	253,618	372,811	567,338	441,767	430,262	317,264	501,294
Transfers to other funds	(236,045)	(191,595)	(185,543)	(155,343)	(248,298)	(392,472)	(269,333)	(292,135)	(15,364)	(47,683)
Sale of capital assets	28,000	31,388	85,023	15,125	635,070	13,760	16,475	10,260	15,168	26,390
Capital leases	498,197	197,246	185,191	644,507	207,091	404,590	216,195	19,107	389,275	428,631
Issuance of debt	-	-	-	-	-	-	-	500,000	-	-
Total other financing sources (uses)	995,540	256,122	297,673	757,907	966,674	593,216	405,104	667,494	706,343	908,632
Net change in fund balances	\$ 66,379	\$ (193,618)	\$ 2,844	\$ 725,137	\$ 621,980	\$ (274,385)	\$ (545,291)	\$ 107,403	\$ 982,707	\$ 888,768

Debt service as a percentage of noncapital expenditures	5.0%	6.8%	5.5%	4.7%	4.2%	3.77%	3.64%	2.88%	3.20%	2.65%
---	------	------	------	------	------	-------	-------	-------	-------	-------

Notes: Information above has been presented as of the date of GASB 34 Implementation.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenues.
In fiscal year 2010, the City began charges for impact fees.

City of Perry, Georgia
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Tax Revenues								
	General Property	Franchise	Insurance Premium	Occupational	Alcoholic Beverage	Hotel/Motel	Sales Tax	Other	Total
2003	\$ 2,798,764	\$ 815,713	\$ 382,695	\$ 84,387	\$ 236,752	\$ 582,793	\$ 461,592	\$ 24,058	\$ 5,386,754
2004	3,030,212	815,715	412,455	112,047	248,868	615,510	522,232	76,107	5,833,146
2005	3,440,818	788,386	446,989	114,982	259,068	665,560	652,045	-	6,367,848
2006	3,827,785	770,168	480,902	122,273	254,392	684,496	786,583	-	6,926,599
2007	4,465,123	787,041	503,143	126,372	256,111	680,236	925,377	-	7,743,403
2008	4,953,388	868,100	524,835	135,256	263,447	744,570	915,829	-	8,405,425
2009	5,292,733	940,461	537,406	136,652	266,795	661,485	-	-	7,835,532
2010	5,633,582	898,714	532,365	130,721	255,007	676,347	-	-	8,126,736
2011	5,941,516	963,109	516,863	159,777	245,627	720,652	-	-	8,547,544
2012	5,958,216	1,016,175	649,107	172,437	257,945	711,283	-	-	8,765,163
Change 2003-2012	112.3%	18.1%	35.1%	89.3%	3.7%	23.7%	-100.0%	-100.0%	62.7%

Notes: Property tax increase due to reassessments.
Other revenues zero in 2005, 2006 and 2007 due to change in grouping.
Information above has been presented as of the date of GASB 34 Implementation.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenues.

City of Perry, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2003	\$ 160,777,699	\$ 76,031,754	\$ 18,644,324	\$ 218,165,129	13.44	\$ 592,023,632	36.851%
2004	185,201,889	40,359,080	4,195,150	221,365,819	13.38	563,902,422	39.256%
2005	200,156,129	58,897,388	6,449,156	252,604,361	14.34	647,633,793	39.004%
2006	208,865,890	59,090,357	13,912,759	254,043,488	14.33	669,890,617	37.923%
2007	269,436,514	67,734,337	11,471,386	325,699,465	13.05	842,927,128	38.639%
2008	306,613,840	78,560,801	12,518,981	372,655,660	13.01	962,936,603	38.700%
2009	338,403,541	80,328,285	12,700,789	406,031,037	13.01	1,046,829,565	38.787%
2010	352,257,662	77,828,489	17,061,821	413,024,330	13.01	1,075,215,378	38.413%
2011	350,456,427	76,679,917	18,216,629	408,919,715	13.81	1,067,840,860	38.294%
2012	345,088,679	87,961,380	22,187,782	410,862,277	14.13	1,082,625,148	37.951%

Source: Based on information obtained from Houston County Tax Assessor's Office.

Notes: Property in the City is reassessed once every five years on average. The City assesses property at 40 percent of actual value for commercial, industrial and residential property.

City of Perry, Georgia
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Houston County	School System	
2003	13.44	0.00	13.44	0.25	9.94	11.76	35.39
2004	13.38	0.00	13.38	0.25	9.31	13.67	36.61
2005	14.34	0.00	14.34	0.25	9.28	13.63	37.50
2006	14.33	0.00	14.33	0.25	9.82	13.48	37.88
2007	13.05	0.00	13.05	0.25	9.32	12.50	35.12
2008	13.01	0.00	13.01	0.25	9.45	12.47	35.18
2009	13.01	0.00	13.01	0.25	9.45	12.47	35.18
2010	13.01	0.00	13.01	0.25	10.45	13.34	37.05
2011	13.81	0.00	13.81	0.25	9.95	13.34	37.35
2012	14.13	0.00	14.13	0.25	9.04	14.52	37.94

Source: Houston County Tax Commissioner's Office

Notes: The City's basic property tax rate is established by the City Council each year in July.
The overlapping rates are those of State and County governments that apply to property owners within the City.

City of Perry, Georgia
Principal Property Tax Payers
Current Year and Eight Years Ago

	2004			2012			
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
	Tolleson Lumber Co	\$ 5,674,846	1	2.56%	\$ 3,550,246	6	0.86%
	Graphic Packaging, Inc	5,164,150	2	2.33%	17,214,059	1	4.19%
	Alltel GA Communications	4,556,565	3	2.06%	-		0.00%
	Excel Realty Trust, Inc	3,376,800	4	1.53%	-		0.00%
	American Real Estate Investments	3,289,644	5	1.49%	6,819,080	3	1.66%
	HT Perry WM, LLC	2,982,480	6	1.35%	-		0.00%
	Wal-Mart	2,590,078	7	1.17%	-		0.00%
	North Hampton Development	2,438,523	8	1.10%	-		0.00%
	Georgia Power Company	2,362,652	9	1.07%	3,889,375	5	0.95%
	Donald J. Svoboda	2,043,840	10	0.92%	-		0.00%
	Houston Lake Apartments, LLC	-		0.00%	7,864,560	2	1.91%
	Reeves Construction Company	-		0.00%	4,646,324	4	1.13%
	Advanced Drainage Systems, Inc	-		0.00%	3,479,676	7	0.85%
	TSC Apparel	-		0.00%	3,266,527	8	0.80%
	Galileo Apollo IV Sub LLC	-		0.00%	3,018,203	10	0.73%
	Windstream Georgia Communications	-		0.00%	3,168,159	9	0.77%
	Total	\$ 34,479,578		15.58%	\$ 56,916,209		13.85%

Source: Based on information obtained from the Houston County Tax Assessor's Office.

Notes: Information above is presented with a comparison to 2004, information for years prior to 2004 is unavailable.

City of Perry, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 2,932,139	\$ 2,881,431	98.27%	\$ 14,227	\$ 2,895,658	98.76%
2004	2,961,876	2,941,637	99.32%	10,358	2,951,995	99.67%
2005	3,387,802	3,319,988	98.00%	23,014	3,343,002	98.68%
2006	3,839,605	3,828,157	99.70%	10,547	3,838,704	99.98%
2007	4,250,908	4,209,774	99.03%	21,277	4,231,051	99.53%
2008	4,902,917	4,768,840	97.27%	55,039	4,823,879	98.39%
2009	5,282,265	5,054,162	95.68%	124,985	5,179,147	98.05%
2010	5,458,340	5,244,733	96.09%	178,526	5,423,259	99.36%
2011	5,673,974	5,645,733	99.50%	28,241	5,673,974	100.00%
2012	5,886,680	5,736,280	97.45%	11,427	5,747,707	97.64%

Source: Based on information obtained from the Houston County Tax Assessors' Office.

City of Perry, Georgia
Taxable Sales by Category
Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Food/Bar	\$ 3,732,909	\$ 4,008,971	\$ 4,803,632	\$ 4,895,056	\$ 5,461,198	\$ 4,727,703	\$ 3,965,041	\$ 3,683,588	\$ 3,845,547
Apparel	339,258	384,512	395,314	423,596	474,055	495,419	235,240	-	-
General Merchandise	3,258,615	3,303,606	3,664,725	3,606,384	3,898,290	3,825,492	3,972,158	3,682,705	3,672,160
Accommodations	-	-	-	-	-	-	211,664	268,864	282,642
Automotive	3,089,382	3,333,644	3,351,086	2,942,864	3,230,691	3,755,849	2,803,430	2,640,637	2,839,526
Home	880,583	973,690	1,012,129	895,746	991,129	988,571	402,067	-	-
Home Furnishings	-	-	-	-	-	-	1,218,091	1,734,592	1,641,700
Lumber	1,755,266	1,995,345	2,317,922	1,912,085	2,068,930	1,605,587	537,436	-	-
Construction	-	-	-	-	-	-	61,701	92,418	47,097
Miscellaneous Service	778,553	738,168	825,695	811,950	887,104	947,422	1,708,119	1,320,676	1,327,266
Manufacturers	540,799	578,959	667,972	600,161	637,046	714,017	931,572	1,098,305	1,220,506
Utilities	1,763,752	2,107,551	2,211,689	2,156,136	2,326,061	2,636,011	2,380,863	1,945,292	1,867,826
Wholesale	-	-	-	-	-	-	878,678	1,618,654	1,967,526
Miscellaneous Other-Retail	1,030,029	1,318,361	1,551,123	1,458,975	1,591,049	1,449,586	1,793,066	3,337,212	3,603,710
Total	\$ 17,169,146	\$ 18,742,807	\$ 20,801,287	\$ 19,702,953	\$ 21,565,553	\$ 21,145,657	\$ 21,099,126	\$ 21,422,943	\$ 22,315,505

Source: Georgia Dept of Revenue, Local Government Services Division

Notes: Since the City of Perry does not have a city sales tax, all sales tax reported to the Georgia Department of Revenue is accumulated by commodity as Houston County. The above numbers are taken from commodity reports issued by the Georgia Department of Revenue for Houston County and represents the county as a whole.

Category reporting format changed in May 2010.

City of Perry, Georgia
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Houston County
2003	0.00%	7.00%
2004	0.00%	7.00%
2005	0.00%	7.00%
2006	0.00%	7.00%
2007	0.00%	7.00%
2008	0.00%	7.00%
2009	0.00%	7.00%
2010	0.00%	7.00%
2011	0.00%	7.00%
2012	0.00%	7.00%

Source: Local sales tax is imposed countywide (Houston County).

Notes: In 2001 the citizens voted to imposed a 1% SPLOST. A portion of this 1% is shared by all the cities in Houston County.

City of Perry, Georgia
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities							
	General Obligation Bonds	Certificates of Participation	Capital Leases	Note Payable	Water/Sewer Revenue Bonds		Water/Sewer Georgia Revolving Loan		Capital Leases	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2003	\$ -	\$ 615,000	\$ 707,502	\$ -	\$ 4,840,000	\$ 1,491,220	\$ 1,294,670	\$ 8,948,392	3.12%	834		
2004	-	525,000	524,032	-	4,570,000	1,377,442	1,185,733	8,182,207	3.52%	954		
2005	-	430,000	430,095	-	8,170,000	1,258,393	900,786	11,189,274	2.82%	804		
2006	-	330,000	820,585	-	7,875,000	1,133,849	661,715	10,821,149	3.30%	988		
2007	-	225,000	769,391	-	7,570,000	1,003,350	711,584	10,279,325	4.15%	1,301		
2008	-	115,000	892,948	-	16,695,000	867,225	3,714,177	22,284,350	2.03%	651		
2009	-	-	774,316	-	13,360,000	758,836	3,162,988	18,056,140	2.49%	782		
2010	-	-	449,996	500,000	15,960,000	680,849	2,717,549	20,308,394	2.43%	826		
2011	-	-	559,562	400,000	15,570,000	599,786	2,558,923	19,688,271	2.13%	705		
2012	-	-	761,345	300,000	15,160,000	515,529	2,232,374	18,969,248	2.24%	749		

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics on page 84 for personal income and population data.

City of Perry, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

<u>Category of Debt</u>		<u>Amount of Outstanding Debt</u>	<u>Percentage Applicable to Government</u>
Direct			
	Intergovernmental	\$ 300,000	
	Capital Leases	761,345	
	Total Direct Debt	<u>1,061,345</u>	
Overlapping ¹			
	Intergovernmental Trust Certificates	-	100%
	Capital Leases	623,654	100%
	General Obligation Debt	65,560,000	100%
	Total Overlapping Debt	<u>66,183,654</u>	100%
	Total Direct and Overlapping Debt	<u>\$ 67,244,999</u>	

¹ Houston County Board of Education

The percentage of overlapping debt applicable is calculated by taking the share of each individual project that Perry participates in and multiplying that share percentage by the total principal outstanding in each project.

City of Perry, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Net Assessed Value	\$ 218,165,129	\$ 221,365,819	\$ 252,604,361	\$ 267,956,247
Debt Limit-10% of Assessed Value	21,816,513	22,136,582	25,260,436	26,795,625
Debt Applicable to Debt Limit:				
General obligation bonds	-	-	-	-
Net debt applicable to limit	-	-	-	-
Legal Debt Margin	\$ 21,816,513	\$ 22,136,582	\$ 25,260,436	\$ 26,795,625
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%

City of Perry, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years
(Continued)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 325,699,465	\$ 372,655,660	\$ 406,031,037	\$ 419,549,528	\$ 410,842,338	\$ 416,633,952
32,569,947	37,265,566	40,603,104	41,954,953	41,084,234	41,663,395
-	-	-	-	-	-
-	-	-	-	-	-
\$ 32,569,947	\$ 37,265,566	\$ 40,603,104	\$ 41,954,953	\$ 41,084,234	\$ 41,663,395
100%	100%	100%	100%	100%	100%

City of Perry, Georgia
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water and Sewerage System Revenue Bonds							
Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2003	\$ 2,562,528	\$ 2,009,478	\$ 553,050	\$ 260,000	\$ 207,897	\$ 467,897	1.18
2004	3,037,308	2,137,550	899,758	270,000	195,922	465,922	1.93
2005	3,450,211	2,193,362	1,256,849	280,000	185,610	465,610	2.70
2006	4,167,316	2,379,212	1,788,104	295,000	383,887	678,887	2.63
2007	4,690,505	2,911,470	1,779,035	305,000	347,535	652,535	2.73
2008	4,015,826	3,157,973	857,853	320,000	522,912	842,912	1.02
2009	3,840,234	3,308,201	532,033	335,000	701,115	1,036,115	0.51
2010	4,748,904	3,267,378	1,481,526	400,000	687,327	1,087,327	1.36
2011	5,503,160	3,268,544	2,234,616	390,000	671,780	1,061,780	2.10
2012	5,381,152	3,383,602	1,997,550	410,000	655,250	1,065,250	1.88

Notes: Gross revenue equals operating and non-operating revenues of the Water and Sewerage System. Operating expenses do not include bond interest, depreciation or amortization expenses.

City of Perry, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income ^{2,3,7}	Median Age ^{3,5}	School Enrollment ⁶	Unemployment Rate ^{3,4}
2003	10,439	\$ 279,118	\$ 26,738	34.7	23,381	3.4%
2004	10,654	288,340	27,064	34.4	23,998	3.3%
2005	11,071	315,601	28,507	38.2	24,608	5.2%
2006	11,916	356,884	29,950	35.1	25,193	5.0%
2007	13,573	426,097	31,393	35.9	25,921	4.1%
2008	14,128	452,675	32,041	34.4	26,287	5.1%
2009	14,295	449,278	31,429	35.1	26,115	7.7%
2010	14,520	493,448	33,984	35.0	26,672	7.6%
2011	13,839	418,877	33,114	34.6	27,014	8.0%
2012	14,516	424,202	33,505	34.6	27,435	8.0%

¹ Per 2000 Census and the City's estimate

² Middle Georgia Regional Commission

³ Information available at the county level only (Houston County)

⁴ Data obtained from Georgia Department of Labor

⁵ Estimate per census taken every 10 years

⁶ Houston County Board of Education

⁷ BEA Regional Economic Analysis

Note: Personal income information is a total for the year

City of Perry, Georgia
Principal Employers
Current and Eight Years Ago

2004	2012
Employers	Employers
Anchor Glass Container Corp.	Department of Defense
Robins Air Force Base	Frito-Lay Inc
Frito Lay, Inc.	Houston County
Houston County	Houston County School System
Houston County Hospital Authority	Houston Hospitals, Inc.
Houston County School System	Perdue Farms Incorporated
Perdue Farms, Inc.	Robins AFB-P
Southeast Administrative Services	The Kroger Company
Walmart Associates, Inc.	Wal-Mart Southeast Division
City of Warner Robins	City of Warner Robins

Source: Georgia Department of Labor

Notes: Employers are listed in alphabetical order only, and are not ranked in any way.
Number of employees cannot be listed due to privacy issues.
Information available at county level only (Houston County).
Information above is presented with a comparison to 2004, information for years prior to 2004 is unavailable.

City of Perry, Georgia
Full-time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government City Manager	2	2	2	2	2	3	3	2.5	2.5	3
Administrative										
Finance	5	5	5	5	5	5	5	5	5	5
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	1	1	1	1	1	1	1	1	1	0
Purchasing/Bldg. Maintenance	4	4	3	3	3	5	4	4	4	4.5
Community Development	4	4	5	5	6	5	5	4	4	5
Economic Development	-	-	-	-	-	-	-	-	-	1
Public Safety										
Police										
Officers	37	39	39	38	39	39	38	37	37	35
Civilians	8	4	4	5	5	5	5	5	5	6
Fire Department										
Firefighters	13	13	16	17	19	19	21	21	21	20
Civilians				1	1	1	1	1	1	1
Public Works Department	15	15	14	12	15	20	20	16	16	15
Recreation Department	6	5	5	6	6	6	7	7	7	7

City of Perry, Georgia
Full-time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water Department										
Water Treatment	5	6	6	6	6	0	0	0	0	0
Water Administrative	8	8	8	8	7	7	4	5	5	3.5
Line Maintenance	9	10	6	6	6	7	0	0	0	0
Sewer Department	6	6	5	5	0	0	0	0	0	0
Solid Waste	5	6	7	7	8	8	8	7	7	7
Gas	5	5	5	5	5	5	5	4	4	0
Total	134	134	132	133	135	137	128	120.5	120.5	114

Source: Payroll records.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

July 1999 - Residential trash pick-up contracted out.

March 2004 - Jail closed - Detention Officers transferred to Houston County.

July 2006 - Wastewater Treatment operations contracted out to ESG.

July 2007 - Water Treatment Plant operations contracted out to ESG.

November 2008 Line Maintenance contracted out to ESG

November 2011 Gas Operations contracted out of ESG

June 26, 2012 Meter Readers contracted out to ESG

In 2012, the city created an economic development department

City of Perry, Georgia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Building permits issued-commercial	36	44	38	46	43	44	52	30	40	29
Building permits issued-residential	76	119	196	393	387	270	129	130	133	147
Police										
Physical arrests	1,623	1,646	1,302	1,336	1,423	1,540	1,655	1,965	1,634	12
Parking violations	52	74	76	126	174	111	85	25	24	13
Traffic violations	3206	3297	2124	2566	2968	2602	4090	2507	3194	2035
Fire										
Emergency responses	792	806	829	774	1005	1692	1546	1498	1430	1134
Fires extinguished	N/A	73	66	72	95	96	100	82	105	102
Public Works										
Streets resurfaced (miles)	1.25	1.25	1.13	0.97	1.58	1.58	1.03	1.233	0.47	2.4
Water										
Service connections	4141	4271	4903	5347	6071	6375	6000	5896	6408	6497
Water main breaks	2	1	2	3	6	1	12	9	23	16
Average daily consumption (million gallons)	1.68	1.8	1.94	2.19	2.54	2.41	2.39	2.33	2.134	2.02
Wastewater										
Average daily sewage treatment (million gallons)	2.70	2.50	2.75	2.27	1.97	2	2	3.04	1.987	1.748
Service Connections	3358	3674	4158	4270	4401	4881	4643	4790	4848	4974
Gas System										
Service Connections	2353	2716	2735	2789	2807	2783	2792	2792	3168	3203
Average daily consumption (MCF)	865	866	984	855	806	906	869	947	929	800

Source: Various City departments.

¹ Jointly Owned Natural Gas Transmission Line customers transferred to City of Warner Robins

Note: The 2010 number of water and wastewater connections has been restated.

City of Perry, Georgia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	22	25	30	30	30	30	30	29	27	28
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	3	3	3	4	3	3	4	4	4	4
Fire hydrants	588	623	632	701	750	814	917	923	923	923
Recreation										
Community Center	1	1	1	1	1	1	1	1	1	1
Parks	14	14	15	15	15	15	15	15	15	15
Park Acreage	93.42	93.42	97.14	97.14	97.14	97.14	97.14	97.14	97.14	97.14
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Public Works										
Streets (miles)	170.9	173	177.58	181.85	186.81	190.22	205.42	206.7	207.6	207.6
Sidewalks (miles)	27	28	29.5	31	32.63	34.16	34.55	34.55	34.55	34.55
Number of Streets	259	263	282	306	335	351	420	428	438	438
Number of Streets Lights	1730	1746	1757	1835	1885	1955	2220	2246	2277	2298
Water										
Miles of Water Mains	91	114	118.58	122.85	127.81	131.67	148	148.57	150.59	151.22
Water tanks	5	5	5	5	5	5	5	5	5	5
Storage capacity (million gallons)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Wastewater										
Miles of Sewers	70	70	73.74	78.01	82.97	85.57	99.92	100.49	104.38	106
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (million gal)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.8
Gas System										
Miles of Gas Lines	68.0	72.0	74.0	76.0	76.0	76.6	77.1	77.1	80.4	81.1

Source: Various City departments.

IV. GOVERNMENTAL REPORTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

STATE COMPLIANCE SECTION

CITY OF PERRY, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS-2006
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Road, Street and Bridge and Sidewalk Projects	\$ 1,500,000	\$ 1,443,649	\$ 10,255	\$ 1,453,904	97%
Public Safety:					
Facilities	1,100,000	106,991	5,326	112,317	10%
Water and Sewer System Improvements	2,500,000	1,193,677	602,230	1,795,907	72%
Recreation Facilities and Equipment	400,000	338,439	42,279	380,718	95%
	<u>\$ 5,500,000</u>	<u>\$ 3,082,756</u>	<u>\$ 660,090</u>	<u>\$ 3,742,846</u>	

SINGLE AUDIT SECTION

CITY OF PERRY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal/Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Pass-Through Program from:			
Office of the Governor - Criminal Justice			
Coordinating Council			
Eward Byrne Memorial Justice Assistance Grant -ARRA	B82-8-049	16.803	\$ 34,873
Governor's Office for Children and Families			
Caring Communities Grant	CC10-02-008	16.540	133,847
Total U.S. Department of Justice			168,720
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through Program from:			
Georgia Department of Community Affairs			
Grace Recovery Center	08-P-X-073-2-5061	19.228	163,900
Total U.S. Department of Housing and Urban Development			163,900
<u>U.S. Department of Transportation</u>			
Pass-Through Program from:			
Georgia Department of Transportation			
Hybrid Vehicle Grant	9420	20.205	38,400
Georgia Department of Natural Resources			
Recreational Trails Program	NRT-8(15)	20.219	61,767
Total U.S. Department of Transportation			100,167
<u>U.S. Department of Energy</u>			
Pass-through Program from:			
Georgia Environmental Facilities Authority			
Energy Efficiency and Conservation Block Grant-ARRA	DE-EE0000806	81.128	93,539
Pass-through Program from:			
Municipal Gas Authority of Georgia			
Energy Efficiency and Conservation Block Grant-ARRA	DE-EE0000806	81.128	2,390
Total U.S. Department of Energy			95,929
<u>U.S. Department of Health and Human Services</u>			
Pass-through Program from:			
Governor's Office for Children and Families			
Caring Communities Grant	CC10-03-008	93.590	95,737
Nurse Family Partnership Grant	HV12-008	93.505	98,073
Total U.S. Department of Health and Human Services			193,810
Total Expenditures of Federal Awards			\$ 722,526

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

CITY OF PERRY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Perry, Georgia under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Perry, Georgia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Perry, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Perry, Georgia provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
16.540	Caring Communities	\$ 82,526
93.590	Caring Communities	75,013
	Energy Efficiency and	
81.128	Conservation Block Grants	42,748
93.505	Nurse Family Partnership	77,063

CITY OF PERRY, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL AWARD FINDINGS

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with *OMB Circular A-133*:

NONE REPORTED



J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

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

Honorable Mayor and Members of City Council
The City of Perry, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Perry, Georgia as of and for the fiscal year ended June 30, 2012, which collectively comprise the City of Perry, Georgia's basic financial statements and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Perry, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Perry, 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 City of Perry, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Perry, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 and corrected on a

timely basis. We consider the deficiencies described in the accompany scheduling of findings and responses, 2012-1 and 2012-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Perry'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 an instance 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 item 2012-3.

We noted certain matters that we reported to management of the City of Perry, Georgia in a separate letter dated December 13, 2012.

The City of Perry, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, City Council, management, 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.

Macon, Georgia
December 13, 2012



J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Council
City of Perry, Georgia

Compliance

We have audited the City of Perry, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Perry, Georgia's major federal programs for the year ended June 30, 2012. The City of Perry, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Perry, Georgia's management. Our responsibility is to express an opinion on the City of Perry, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Perry, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Perry, Georgia's compliance with those requirements.

In our opinion, the City of Perry, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Perry, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Perry, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133; but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Perry, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, City Council, 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.

Macon, Georgia
December 13, 2012

A handwritten signature in black ink, appearing to read "Charles H. [unclear]".

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
16.540	Title II Formula Grant Program
81.128	Energy Efficiency and Conservation Block Grant
93.505	Affordable Care Act, Maternal, Infant, and Early Childhood Home Visiting Program
93.590	Community Based Child Abuse Prevention and Treatment Act

Dollar threshold used to distinguish between Type A and Type B program	\$ 300,000
Auditee qualified as low-risk auditee	No

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)

FINANCIAL STATEMENT FINDINGS

Findings noted on the 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*.

2012-01 Recording of Revenue and Receivables

CRITERIA

Accounting and control procedures should be designed to ensure that revenue and the related receivables are recorded in the appropriate reporting year.

CONDITION

Certain revenue transactions were not properly recorded at June 30, 2012.

CONTEXT/CAUSE

Audit procedures identified that adjustments were necessary to correct year end balances as follows:

- Audit adjustment of \$110,728 was required to record grant revenue and the related receivable in the System of Care Grant Fund.
- Audit adjustment of \$5,464 was required to record grant revenue and the related receivable in the Judicial Assistance Grant Fund.
- Audit adjustment of \$5,684 was required to record franchise tax revenue and the related receivable in the Solid Waste Fund.
- Audit adjustments of \$17,693 and \$7,563 were required to record unbilled revenue in the Water and Sewerage System and Gas System Funds respectively.

EFFECT

Material audit adjustments of \$147,132 were necessary to fairly report revenues and the related receivables for the year ended June 30, 2012.

RECOMMENDATION

The City should ensure that adequate review and reconciling procedures are being performed for revenues and the related receivables and that the revenues are reported in the proper reporting year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

We concur with the finding. As a result of staff turnover at year-end, adjustments were not made in a timely manner. Adequate staff and assignment of responsibilities are in process to be in place prior to the close FY 2013. The Director of Administration will review all collections received in the beginning of the fiscal year and adjust accordingly.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)

2012-02 Capital Assets – Business Type Activities

CRITERIA

Accounting and control procedures should be designed to ensure that capital asset activity is recorded and reported properly for all capital assets.

CONDITION

Capital assets acquired through the SPLOST Fund were erroneously recorded in the Governmental Activities capital assets instead of the Business Type Activities capital assets.

CONTEXT/CAUSE

Audit procedures identified that adjustments were necessary to correct the recording of capital assets between the Water and Sewerage System Fund and Governmental Activities.

EFFECT

Material adjustments of \$770,162 were required to correct the reporting of capital assets (Infrastructure and construction in progress) in the Water and Sewerage System Fund.

RECOMMENDATION

The City should ensure that the proper review and reconciling procedures are being performed monthly and at year-end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. Projects will be reviewed, reclassified and depreciated when completed. Capital assets will be recorded when notice of completion is received from project manager and final payment paid of related expenses. Director of Administration will review and adjust accordingly.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)

2012-3 **Bond Proceeds - (Reiterated from prior year - 2009-2)**

CRITERIA

As stated in the official bond documents, "The Bonds are being issued to provide funds to (i) acquire, construct and equip additions and improvements to the water storage, treatment and distribution system and a wastewater collection, treatment and disposal system, and (ii) pay the necessary costs of issuing the Bonds."

CONDITION

During 2009 and 2010, the City borrowed \$971,770 in bond proceeds to assist with operating expenses of the Water and Sewerage Fund. The following schedule reflects the activity relative to these borrowings and repayments of the proceeds:

Balance as of June 30, 2011	\$ 461,145
Less: repayments during 2012	<u>(250,000)</u>
Balance as of June 30, 2012	<u>\$ 211,145</u>

CONTEXT/CAUSE

A lack of adequate working capital within the Water and Sewer Fund.

EFFECT

The use of bond proceeds was not in compliance with official bond documents.

RECOMMENDATION

The City should return these amounts to the restricted cash accounts, along with accumulated interest.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. In the prior years, the City was unable to repay the full amount due the 2007 Bond Fund. However, per Council Resolution 2010-8, official action has been taken to approve a repayment plan of \$250,000 per year. A payment in the amount of \$250,000 was made during FY 2012. The loan balance in the amount of \$211,145 is scheduled to be paid in full in FY2013.