TOWN OF ARCADE, GEORGIA

Basic Financial Statements

For the Year Ended December 31, 2014

HUBERT A. BRISCOE, CPA
Certified Public Accountant
P. O. Box 531
Winder, Georgia 30680-0531

Town of Arcade, Georgia
Basic Financial Statements
For the Year Ended December 31, 2014

Table of Contents

Financial Section	**Page**
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Governmental Funds	
Balance Sheet	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	19
Notes to the Financial Statements	22
Supplemental Statements	
Individual Fund Statements	
Special Revenue Fund	
Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual	38
Special Schedules and Reports	
Schedule of Project Expenditures with Special Purpose Local Option Sales Tax	40
Independent Auditors' Report - Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	41

HUBERT A. BRISCOE, CPA
Certified Public Accountant
AICPA MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 531
47 North Center Street
Winder, Georgia 30680-0531
Office (770) 867-1270 / Fax (770) 867-8798
CPA MEMBER GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Council Members
Town of Arcade, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the Town of Arcade, Georgia, as of and for the year ended December 31, 2014, and the relative notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the Town of Arcade, Georgia, as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and the other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us the sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Arcade, Georgia's basic financial statements. The individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Purpose Local Option Sales Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Purpose Local Option Sales Tax is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Purpose Local Option Sales Tax is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the Town of Arcade, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed with *Government Auditing Standards* in considering the Town of Arcade, Georgia's internal control over financial reporting and compliance.

Hubert A. Briscoe, CPA

HUBERT A. BRISCOE, CPA
Winder, Georgia 30680-0531
June 19, 2015

Town of Arcade, Georgia

Management's Discussion and Analysis

For the Year Ended December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Town of Arcade, Georgia (Town) basic financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the year ended December 31, 2014. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the Town's primary government. Unless otherwise noted component units, related organization and joint ventures reported separately from the primary government are not included.

Financial Highlights

The Town of Arcade (Town), Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the Town are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the Town's financial activities.

The Town's assets exceeded its liabilities by $2,842,387 (net position) for the year reported. This compares to the previous year when assets exceeded liabilities by $2,579,570.

Total net position is comprised of the following:

(1) Capital assets, net of related debt, of $1,794,440 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

(2) Net position of $318,928 is restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.

(3) Unrestricted net position of $729,019 represents the portion available to maintain the Town's continuing obligations to citizens and creditors.

The Town's governmental funds reported total ending fund balance of $1,047,947 this year. This compares to the prior year ending fund balance of $972,103 showing an increase of $75,844 during the current year. Unassigned fund balance of $716,886 for 2014 shows a $63,694 increase over the prior year.

At the end of the year, unassigned fund balance for the General Fund was $716,886 or 123.91% of total General Fund expenditures and 110.56% of total General Fund revenues.

Total liabilities of the Town decreased by $222,805 to $216,525 during the year. The Town issued no new debt during the year ended December 31, 2014.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position.* This is the Town-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net position.* Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the Town's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, recreation and public works. Business-type activities are not utilized by the Town. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund Town programs.

The Town's financial reporting includes the funds of the Town (primary government) and organizations for which the Town is accountable (component units). The city had no reportable component units. Other organizations such as related organizations and joint ventures are reported separately and are not included in the Town's overall reporting entity.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Town has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the difference between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Town's adopted and final revised budgets.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The Town does not utilize any proprietary funds. Enterprise funds essentially encompass the same functions as reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization.

Proprietary fund statements and statements for discretely presented component units (reporting that is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The Town had no component units, internal service funds, or non-major enterprise funds.

Fiduciary funds such as employee pension plans are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Town programs. The Town had no fiduciary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statement.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Other supplementary information includes details by fund for receivables, payables, transfers, and payments within the reporting entity. Supplementary information follows the notes to the financial statements.

Major funds are reported in the basic financial statements as discussed. Individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Town as a Whole

The Town implemented the new financial reporting model used in this report at the beginning of the year January 1, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net position at year-end was $2,842,387. This was a $262,817 increase over the beginning year's net position of $2,579,570. The following table provides a summary of the Town's net position:

Summary of Net Position
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2014	2013	2014	2013	2014	2013	Change	Change
Current and other assets	$1,068	$986	$0	$0	$1,068	$986	$82	8.32%
Capital assets	1,991	2,033	0	0	1,991	2,033	(42)	-2.07%
Total Assets	$3,059	$3,019	$0	$0	$3,059	$3,019	$40	1.32%
Current and other liabilities	$217	$242	$0	$0	$217	$242	($25)	-10.33%
Long-term liabilities		197			0	197	(197)	-100.00%
Total Liabilities	$217	$439	$0	$0	$217	$439	($222)	-50.57%
Net Position:								
Net Investment in Capital Assets	$1,794	$1,608	$0	$0	$1,794	$1,608	$186	11.57%
Restricted-Capital Projects	304	288	0	0	304	288	16	5.56%
Restricted-Special Revenue	15	20	0	0	15	20	(5)	-25.00%
Unrestricted	729	664	0	0	729	664	65	9.79%
Total Net Position	$2,842	$2,580	$0	$0	$2,842	$2,580	$262	10.16%

The Town reported a positive balance in net position for governmental activities. Net position increased $262,817. The Town's overall financial position improved during 2014.

Comparative data is accumulated and presented to assist in analysis. The following table provides a summary of the Town's changes in net position:

Summary of Changes in Net Position
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	
	2014	2013	2014	2013	2014	2013	Change	% Change
Revenues:								
Program revenues:								
Charges for services	$133	$73			$133	$73	$60	82.19%
Operating grants & contributions					0	0	0	0.00%
Capital grants & contributions	274	255			274	255	19	7.45%
General Revenues:								
Sales & Use taxes	323	300			323	300	23	7.67%
Franchise taxes	55	59			55	59	(4)	-6.78%
Alcohol Beverage taxes	31	49			31	49	(18)	-36.73%
Insurance Premium taxes	96	92			96	92	4	4.35%
Interest & Misc.	10	2			10	2	8	400.00%
Total Revenues	$922	$830	$0	$0	$922	$830	$92	11.08%
Expenses:								
General Government	$280	$249			$280	$249	$31	12.45%
Public Safety	307	268			307	268	39	14.55%
Recreation	6	3			6	3	3	100.00%
Public Works	55	48			55	48	7	14.58%
Interest	12	21			12	21	(9)	-42.86%
Total Expenses	$660	$589	$0	$0	$660	$589	$71	12.05%
Increase (decrease) in net position before transfers	$262	$241	$0	$0	$262	$241	$21	8.71%
Change in Net Position	$262	$241	$0	$0	$262	$241	$21	8.71%
Beginning net position	2,580	2,339			2,580	2,339	241	10.30%
Ending net position	$2,842	$2,580	$0	$0	$2,842	$2,580	$262	10.16%

GOVERNMENTAL REVENUES

The Town's governmental activities are heavily reliant on taxes to support governmental operations. Sales taxes provided 35 percent and other taxes provided 20 percent of the Town's total revenues. Program revenues, which included capital grants covered 62 percent of governmental operating expenses. The Town's other general revenues fund 38 percent of the governmental activities. Therefore the general economy and local business have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Total governmental activities costs for the current Year were $660,009. Of this amount, general government was $280,545 (43%), public safety was $306,835 (46%), recreation was $5,938 (1%), public works was 54,543 (8%) and interest on long-term debt was $12,148 (2%) of the total cost for services for 2014. Some of the costs were paid by programs revenues of $407,269.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs
Year Ended December 31, 2014

	Revenues	Expenses
Not Applicable	$0	$0

Financial Analysis of the Town's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resource focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $1,047,947. Of this year-end total, $716,886 is unassigned in the General Fund indicating availability for the Town's continuing service requirements.

The total ending fund balances of governmental funds show an increase of $75,844 over the prior year. This increase is primarily the result of the events and programs described with the analysis of the Town's governmental activities.

Major Governmental Funds

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund increased by $65,178. A key factor contributing to this increase was an increase in governmental revenues.

The SPLOST Fund accumulates SPLOST receipts and disbursements for major capital projects. The SPLOST Fund had a fund balance of $303,788 at December 31, 2014.

Nonmajor Governmental Funds - The Special Revenue Fund had a fund balance of $15,140 at December 31, 2014.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The Town has no proprietary funds.

General Fund Budgetary Highlights

The General Fund budget for 2014 was $623,866. This was an increase of $57,045 from the previous year amended budget

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2014, was $1,991,417. Major capital asset additions during the current year included road improvement of $18,340 and police equipment of $26,277. See Note 4. D. for additional information about changes in capital assets during the year.

Capital Assets
Net of Accumulated Depreciation
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	
	2014	2013	2014	2013	2014	2013	Change	% Change
Non-Depreciable Assets:								
Land	$42	$42			$42	$42	$0	0.00%
Depreciable Assets, net:								
Buildings	1,617	1,671			1,617	1,671	(54)	-3.23%
Vehicles & Equipment	65	65			65	65	0	0.00%
Infrastructure	267	255			267	255	12	4.71%
Total	$1,991	$2,033	$0	$0	$1,991	$2,033	($42)	-2.07%

Long-term debt

At the end of the year, the Town had total debt outstanding of $196,977. Of this amount, $196,977 was a note payable for construction financing. See Note 4. G. for additional discussion.

Bond Ratings

The Town had no bond debt.

Outstanding Debt
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	
	2014	2013	2014	2013	2014	2013	Change	% Change
Notes Payable	$197	$425			$197	$425	($228)	-53.65%
Total	$197	$425	$0	$0	$197	$425	($228)	-53.65%

Economic Environment and Next Year's Budgets

For the year 2015, the Town Council approved a total budget of $875,740. This budget includes operating and non-operating funds. The General Fund budget is $630,240 and the SPLOST Fund is budgeted for $245,500. The Town's budgets and relative fund balances are maintained in compliance with the Town's adopted financial policies.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Town Clerk, at PO Box 417, Jefferson, Georgia 30549.

Town of Arcade, Georgia

Basic Financial Statements

For the Year Ended December 31, 2014

Town of Arcade, Georgia
Statement of Net Position
December 31, 2014

	Primary Government	
	Governmental Activities	Totals
ASSETS		
Current Assets		
Cash and Cash equivalents	$ 996,089	$ 996,089
Accounts Receivable	9,234	9,234
Due from Other Governments	50,039	50,039
Prepaid Insurance	12,133	12,133
Non-Current Assets		
Capital Assets:		
Land	42,100	42,100
Other Capital Assets, net of accumulated depreciation	1,949,317	1,949,317
TOTAL ASSETS	$ 3,058,912	$ 3,058,912
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 19,548	$ 19,548
Notes Payable - Current	196,977	196,977
Non-Current Liabilities		
Notes Payable - Non Current		0
TOTAL LIABILITIES	$ 216,525	$ 216,525
NET POSITION		
Net Investment in Capital Assets	$ 1,794,440	$ 1,794,440
Restricted - Capital Projects	303,788	303,788
Restricted - Confiscated Assets	15,140	15,140
Unrestricted	729,019	729,019
TOTAL NET POSITION	$ 2,842,387	$ 2,842,387

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
Statement of Activities
For the Year Ended December 31, 2014

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:						
Governmental Activities:						
General Government	$ 280,545	$ 19,727	$	$ 176,321	$ (84,497)	$ (84,497)
Public Safety	306,835	113,163			(193,672)	(193,672)
Recreation	5,938			25,189	19,251	19,251
Public Works	54,543			72,869	18,326	18,326
Interest	12,148				(12,148)	(12,148)
Total Governmental Activities	$ 660,009	$ 132,890	$ 0	$ 274,379	$ (252,740)	$ (252,740)
Total Primary Government	$ 660,009	$ 132,890	$ 0	$ 274,379	$ (252,740)	$ (252,740)
General Revenues:						
Taxes:						
Sales & Use Taxes - Local Option					$ 283,455	$ 283,455
Franchise Taxes					54,909	54,909
Insurance Premium Taxes					96,328	96,328
Alcohol Beverage Taxes					30,817	30,817
Title Ad Valorem Tax					39,481	39,481
Interest & Investment Earnings					780	780
Miscellaneous					9,787	9,787
Total General Revenues					$ 515,557	$ 515,557
Change in Net Position					$ 262,817	$ 262,817
Net Position-Beginning					2,579,570	2,579,570
Net Position-Ending					$ 2,842,387	$ 2,842,387

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	SPLOST Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 698,987	$ 281,962	$ 15,140	$ 996,089
Accounts Receivable	9,234			9,234
Due From Other Governments	28,213	21,826		50,039
Prepaid Insurance	12,133			12,133
TOTAL ASSETS	$ 748,567	$ 303,788	$ 15,140	$ 1,067,495
LIABILITIES				
Accounts Payable	$ 19,548	$	$	$ 19,548
TOTAL LIABILITIES	$ 19,548	$ 0	$ 0	$ 19,548
FUND BALANCES				
Nonspendable - Prepaids	$ 12,133	$	$	$ 12,133
Restricted - SPLOST		303,788		303,788
Restricted - Confiscated Assets			15,140	15,140
Unassigned - General	716,886			716,886
TOTAL FUND BALANCES	$ 729,019	$ 303,788	$ 15,140	$ 1,047,947
TOTAL LIABILITIES AND FUND BALANCES	$ 748,567	$ 303,788	$ 15,140	$ 1,067,495

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2014

Total fund balance - total governmental funds		$ **1,047,947**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets (Cost)	$ 3,082,292	
Less accumulated depreciation	(1,090,875)	1,991,417
Long-term Liabilities are not due and payable in the current period and are not reported in the funds		
Notes Payable		(196,977)
Net Position of Governmental Activities		$ **2,842,387**

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2014

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	$ 504,990	$	$	$ 504,990
Licenses & Permits	19,727			19,727
Intergovernmental		272,862		272,862
Fines and Forfeitures	113,163			113,163
Miscellaneous	9,787			9,787
Interest Income	769	1,517	11	2,297
TOTAL REVENUES	$ 648,436	$ 274,379	$ 11	$ 922,826
EXPENDITURES:				
Current Operations				
General Government	$ 213,502	$	$	$ 213,502
Public Safety	294,913		540	295,453
Recreation	4,352			4,352
Public Works	48,571			48,571
Capital Outlay				
Public Safety	21,920		4,357	26,277
Public Works		18,340		18,340
Debt Service				
General Government		240,487		240,487
TOTAL EXPENDITURES	$ 583,258	$ 258,827	$ 4,897	$ 846,982
Revenues Over (Under) Expenditures	$ 65,178	$ 15,552	$ (4,886)	$ 75,844
NET CHANGE IN FUND BALANCES	65,178	15,552	(4,886)	75,844
FUND BALANCE - BEGINNING OF YEAR	663,841	288,236	20,026	972,103
FUND BALANCE - END OF YEAR	$ 729,019	$ 303,788	$ 15,140	$ 1,047,947

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended December 31, 2014

Net Changes in Fund Balances - Total Governmental Funds		$ **75,844**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and depreciation differ in the current period.		
Capital Outlay	44,617	
Depreciation	(85,983)	(41,366)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayment of notes payable and capital lease obligations.		228,339
Change in net position of Governmental Activities		$ **262,817**

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2014

	Budgeted Amounts				
	Original	Revisions	Final	Actual	Variance
REVENUES					
Taxes					
Sales Taxes	$ 305,000	$	$ 305,000	$ 322,936	$ 17,936
Franchise Taxes	59,000		59,000	54,909	(4,091)
Alcohol Beverage Taxes	54,000		54,000	30,817	(23,183)
Insurance Premium Taxes	90,000		90,000	96,328	6,328
Total Taxes	$ 508,000	$ 0	508,000	$ 504,990	$ (3,010)
Licenses & Permits	11,365		11,365	19,727	8,362
Fines & Forfeitures	93,700		93,700	113,163	19,463
Miscellaneous	2,000	6,701	8,701	9,787	1,086
Interest Earned	2,100		2,100	769	(1,331)
TOTAL REVENUES	$ 617,165	$ 6,701	$ 623,866	$ 648,436	$ 24,570
EXPENDITURES					
Current					
General Government					
Personal Services	$ 98,554	$ 7,886	$ 106,440	$ 115,592	$ (9,152)
Purchased/Contracted Services	63,904	(1,350)	62,554	69,562	(7,008)
Supplies	21,275	75	21,350	23,573	(2,223)
Other Costs	70,444	(15,910)	54,534	4,775	49,759
Total General Government	$ 254,177	$ (9,299)	$ 244,878	$ 213,502	$ 31,376
Public Safety					
Courts:					
Purchased/Contracted Services	$ 7,800	$	$ 7,800	$ 7,500	$ 300
Police:					
Personal Services	$ 216,634	$ 8,000	$ 224,634	$ 224,114	$ 520
Purchased/Contracted Services	23,027	8,000	31,027	30,426	601
Supplies	29,800		29,800	32,873	(3,073)
Capital Outlay	27,763		27,763	21,920	5,843
Total Police	$ 297,224	$ 16,000	$ 313,224	$ 309,333	$ 3,891
Total Public Safety	$ 305,024	$ 16,000	$ 321,024	$ 316,833	$ 4,191

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2014

	Budgeted Amounts				
	Original	Revisions	Final	Actual	Variance
Recreation					
Purchased/Contracted Services	$ 2,957	$	$ 2,957	$ 2,755	$ 202
Supplies	2,957		2,957	1,597	1,360
Total Recreation	$ 5,914	$ 0	$ 5,914	$ 4,352	$ 1,562
Public Works					
Personal Services	$ 40,391	$	$ 40,391	$ 45,848	$ (5,457)
Purchased/Contracted Services	3,785		3,785	2,243	1,542
Supplies	500		500	480	20
Other Costs	7,374		7,374		7,374
Total Public Works	$ 52,050	$ 0	$ 52,050	$ 48,571	$ 3,479
TOTAL EXPENDITURES	$ 617,165	$ 6,701	$ 623,866	$ 583,258	$ 40,608
EXCESS OF REVENUES OVER EXPENDITURES	$ **0**	$ **0**	$ **0**	$ **65,178**	$ **65,178**
FUND BALANCE - BEGINNING OF YEAR				$ 663,841	
FUND BALANCE - END OF YEAR				$ **729,019**	

See accompanying Notes to the Financial Statements

Town of Arcade, Georgia

Notes to the Financial Statements

For the Year Ended December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Introduction:

The Town of Arcade (Town), Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the Town are discussed in subsequent sections and the remainder of the notes are organized to provide explanations and other required disclosures for the Town's financial activities.

The financial statements of the Town of Arcade have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Town also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Financial Reporting Entity - Basis of Presentation

1. Primary Government and Component Units:

The Town has implemented Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". Statement 14 applies levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) primary governments, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

In conformity with GASB Statement 14, the Town of Arcade, Georgia, has no component units that meet the criteria for component units requiring discrete presentation in the primary government financial reporting entity.

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

2. Government-wide and Fund Financial Statements:

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole. The primary government is the focus of these financial statements. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The Town segregates transactions related to certain Town functions or activities in separate funds in order to aid in financial management and to demonstrate legal and contractual compliance. Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting

The Town uses funds to maintain its financial records. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Town uses only governmental fund types.

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

2. Government-wide and Fund Financial Statements

Fund Accounting

Governmental Fund Types

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within sixty (60) days of end of the year. Revenues subject to accrual are sales & use taxes, business licenses, interest income and grants. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Governmental fund types utilized by the Town are General, Special Revenue, and Capital Projects Funds. The General Fund is the Town's primary operating fund and it accounts for all financial resources of the general government. The Special Revenue Fund accounts for revenue sources that are legally restricted to expenditures for specific purposes not including expendable trust or capital projects. The SPLOST fund is a capital projects fund that accounts for the accumulation of SPLOST receipts and subsequent disbursement of such resources in obtaining or renovating major capital projects. The General Fund and SPLOST Fund are major governmental funds.

Proprietary Fund Types

Proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting, primarily directed to continuing operations. Reporting focuses on the determination of net income, financial position, and cash flows. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are costs of providing goods or services and includes administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. The Town does not utilize proprietary fund types.

3. Measurement Focus:

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operations of the Town are included on the statement of net position. The statement of activities reports revenues and expenses.

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

3. Measurement Focus - continued

It is the Town's policy to use restricted amounts prior to unrestricted amounts when both are available for use. The Town uses Committed amounts of fund balance, then Assigned amounts and lastly Unassigned resources when unrestricted amounts of fund balance are being used.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. Therefore, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identity the relationship between the government-wide statements and the governmental fund statements.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental fund types use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenues, recording of deferred revenues, and in the presentation of expenses versus expenditures.

D. Assets, Liabilities, Net Position or Fund Equity:

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include demand deposits, money market accounts and short-term investments with a maturity date, within ninety (90) days of the date acquired by the Town.

The Town may invest and reinvest money subject to its control in (1) obligations of the United States and its agencies and instrumentalities; (2) bonds or certificates of indebtedness of Georgia and its agencies and instrumentalities; and (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation and certain specified amounts in excess of the amount insured by the F.D.I.C. The Town may also hold funds in deposit accounts with banking institutions as otherwise authorized by law.

Note 1. Summary of Significant Accounting Policies, continued

1. Cash, Cash Equivalents, and Investments - continued

Investments are stated at cost or amortized costs, which approximates market. Investments consist of money market accounts, certificates of deposit and U. S. Government Treasury Bills & Notes, and are considered as the same as cash and cash equivalents, and accordingly are reported under the caption of cash on the balance sheet.

D. 2. Receivables

Receivables are recorded in the General Fund net of any estimated uncollectibles.

3. Inventory

Materials purchased and expendable supplies are shown as expenditures in governmental funds and expenses in proprietary funds when acquired and are not inventoried at year end because the amounts are not considered to be material.

4. Prepaid Items

Payments to vendors for services that benefit future periods beyond year end are recorded as prepaid items and reported on the consumption basis. When prepaid items are incurred by the Town, the expenditure or expense is deferred to the period benefited. At the fund reporting level, a reservation is made in the fund balance for an equal amount.

5. Capital Assets

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with other capital assets. Infrastructure acquired prior to the 2002 effective date of GASB Statement 34 are not reported. Proprietary/Enterprise fund capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The Town maintains a capitalization threshold of five thousand dollars. The Town's infrastructure consists of roads, bridges, curbs and gutters, and sidewalks. Major improvements to capital assets are capitalized. Cost of normal maintenance and repair that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed or retired, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss recorded in operations. Depreciation is determined using the straight-line method over the following estimated useful lives:

Note 1. Summary of Significant Accounting Policies, continued

D. 5. Capital Assets - continued

Plants & Buildings	20 - 50 years
Machinery & Equipment	5 - 7 years
Vehicles	3 - 5 years
Infrastructure	50 years

6. Interest Capitalization

Interest costs are capitalized when incurred by proprietary fund types on debt where the proceeds were used to finance construction of assets.

7. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. The maximum vacation accrual is limited to thirty (30) days. The Town requires vacation benefits to be taken in the year granted. Vacation benefits are not allowed to be accrued and carried over to future periods, therefore any vacation benefits not taken are lost.

Sick leave accrues to full-time employees to specified maximums; however, benefits are paid only upon illness of an employee and are charged to expenditures when taken. Accrued sick benefits are lost upon termination or retirement.

8. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide and proprietary financial statements. Bond issue costs, bond discounts or premiums, and the difference between the reacquisition price and net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest rate method.

Governmental fund payables and accrued liabilities reported as obligations of these funds are paid in full from current financial resources. Governmental fund financial statements recognize proceeds from debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

9. Fund Equity

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

Note 1. Summary of Significant Accounting Policies, continued

D. 9. Fund Equity - continued

Fund Balance

Fund balance represents the difference between current assets and current liabilities. Unassigned fund balance indicates the amount available for appropriation in future periods. The Town restricts portions of fund balance which are legally segregated for a specific purpose or do not represent amounts available for appropriation or expenditure.

Net Position

Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation adopted by the Town or contractual creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

10. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The Town does not have any proprietary funds. Operating expenses are the necessary costs incurred to provide the good or service that is the primary activity of each fund.

11. Contributed Capital

The Town does not have any contributed capital accounts.

Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity

A. Changes in Accounting Principles

For the Year beginning January 1, 2004, the Town implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting the Town's financial activities. The financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in a single column.

Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity

A. Changes in Accounting Principles, continued

The government-wide financial statements classify the Town's programs between governmental activities and business-type activities. The beginning net position amount for the business-type activities equals fund equity of the enterprise fund from the prior year. The beginning net position amount for governmental programs reflect the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting.

B. Restatement of Equity Balances

Restatement of fund equity did not affect the General Fund as a result of GASB Interpretation No. 6 for capital leases payable.

Note 3. Stewardship, Compliance and Accountability

A. Budgetary Information

Budget Policy and Practice

The Town prepares annual budgets based on anticipated revenues and appropriated expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, each year the budget is legally enacted by passage of an ordinance for the Town's operating funds. Amendments to the budget must be approved by the Town Council. Budgets of the General and SPLOST Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Basis for Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and benefits, purchased/contracted services, supplies, capital outlays, and transfers. The legal level of budgetary control is the department level. Budget revisions at this level are subject to review and approval by the Town Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year. All unexpended annual appropriations lapse at year end.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve the applicable appropriation - is not used by the Town.

Note 3. Stewardship, Compliance and Accountability - continued

C. Deficit Fund Equities

No funds reflected deficit fund balances as of December 31, 2014

D. Excess of Expenditures over Appropriations

There were no known expenditures in excess of appropriations for the primary government.

Note 4. Detailed Notes on All Funds

A. Deposits and Investments

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the Town or its agent in the Town's name. Cash and investments are classified as to credit risk as described below:

Deposits

Category 1 - Insured or collateralized with securities held by the Town or its agent in the Town's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Uncollateralized.

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Primary Government	$ 1,019,094	$ 0	$ 0	$ 1,019,094	$ 996,089
Total	$ 1,019,094	$ 0	$ 0	$ 1,019,094	$ 996,089

Investments

The Town may invest and reinvest money subject to its control in (1) obligations of the United States and its agencies and instrumentalities; (2) bonds or certificates of indebtedness of Georgia and its agencies and instrumentalities; and (3) certificates of deposits of banks which have deposits insured by the Federal Deposit Insurance Corporation (FDIC) and certain specified amounts in excess of the amounts insured by the FDIC. The Town may also hold funds in deposit accounts with banking institutions as otherwise authorized by law. The Town invests with Georgia Fund 1.

Georgia Fund 1, created by OCGA 36-83-8 and managed by the Office of the State Treasurer, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. Georgia Fund 1 operates consistent with Rule 2a-7 of the

Note 4. Detailed Notes on All Funds - continued

A. Deposits and Investments - continued

Investments - continued

Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. Primary objectives of the pool are safety of capital, investment income, liquidity, and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share.

B. Receivables

Receivables are recorded in the General Fund net of any estimated uncollectibles in the amount of $9,234.

C. Due from Other Governments

The Town recorded sales and use tax (LOST) receipts for December of $28,213 and SPLOST for $21,826 for a total of $50,039.

D. Capital Assets

A summary of changes in Capital Assets follows:

Governmental Activities	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital Assets not being depreciated				
Land	$42,100			$42,100
Total Capital Assets not being depreciated	$42,100	$0	$0	$42,100
Other Capital Assets:				
Buildings	$2,141,286			$2,141,286
Vehicles & Equipment	549,180	$26,277		575,457
Infrastructure	305,109	18,340		323,449
Total Other Capital Assets	$2,995,575	$44,617	$0	$3,040,192
Accumulated Depreciation:				
Buildings	$470,344	$53,532		$523,876
Vehicles & Equipment	484,295	26,193		510,488
Infrastructure	50,253	6,258		56,511
Totals Accumulated Deprec.	$1,004,892	$85,983	$0	$1,090,875
Governmental Activities - Capital assets, net	$2,032,783	($41,366)	$0	$1,991,417

Note 4. Detailed Notes on All Funds - continued

Commitments

The Town had no construction in progress as of December 31, 2014.

Depreciation Expense

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

Governmental Activities		*Business-type Activities*
General Government	$67,043	Not Applicable
Public Safety	11,382	
Recreation	1,586	
Public Works	5,972	

E. Interfund Balances

Fund financial statement receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in governmental and business-type activities of government-wide statements of net position, except for net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances. The Town had no interfund balances as of December 31, 2014.

F. Property Tax Calendar

The Town does not levy property taxes.

G. Long-Term Debt

Long-Term Debt Supporting Governmental Activities

Debt supporting governmental activities is primarily paid from the General Fund. The Town issued no new debt during 2014.

The Town debt obligation (Note Payable) financed capital construction of government buildings. The Town retired $228,339 of this financing. The amount outstanding as of December 31, 2014 was $196,977.

Note 4. Detailed Notes on All Funds, continued

G. Long-Term Debt, continued

Changes in Long-Term Debt - continued

The following is a summary of changes in long-term debt for the year ended December 31, 2014:

PRIMARY GOVERNMENT *Governmental Activities*	Balance 1/1/2014	Issued	Retired	Balance 12/31/2014	Due Within One Year
Notes Payable	$425,316		$228,339	$196,977	$196,977
Total Primary Government	**$425,316**	**$0**	**$228,339**	**$196,977**	**$196,977**

Debt Service Requirements

PRIMARY GOVERNMENT

	Amount of Original Issue	Interest Rate	Year Ending December 31	Principal	Interest
Note Payable	$2,000,000	3.78%	2015	$196,977	$3,429
Total - Notes Payable				$196,977	$3,429

H. Risk Management

The Town is exposed to various risks of losses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance policies covering each of the above risks of loss. Management believes this coverage is adequate to preclude any significant uninsured risk exposure to the Town.

Injuries to employees (Workers' Compensation Insurance) is maintained through the Georgia Municipal Association (GMA). Chapter 9, Article 5 of Title 34 of the Official Code of Georgia Annotated authorized the GMA of Workers' Compensation Self Insurance Fund. The Fund is to defend, in the name of and on behalf of its members, any suits or other proceedings which may

Note 4. Detailed Notes on All Funds, continued

H. Risk Management, continued

be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia. The liability of the Fund to employees of any member employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and report as promptly as possible all incidents which could result in the fund being required to pay any claim or loss.

There were no significant reductions insurance coverages from the prior year and settled claims have not exceeded the coverage in the past three years.

I. Litigation

The Town Attorney advised that no legal actions were in progress by or against the Town at December 31, 2014, that would have a material effect on the Town's financial condition.

J. Compliance with Legal Provisions

State Laws

Budgets - The Town was in compliance with Title 36, Chapter 91, Section 3-6 of the Official Code of Georgia, Annotated (OCGA) which requires the adoption of balanced budgets.

Special Purpose Local Option Sales Tax - The Town expended $240,487 of special purpose local option sales tax during the year. $12,148 was interest and $228,339 was principal for payment on debt related to construction of government buildings.

The Town received a Local Maintenance and Improvement Grant (LMIG) from the Georgia Department of Transportation in the amount of $22,491. The town was in compliance with the grant restrictions.

Federal Laws

The Town did not receive any federal grants during the current year.

K. Contingent Liabilities

The Town participates in both federal and state assistance programs which are subject to program compliance audits by the grantors or their representatives.

Note 4. Detailed Notes on All Funds, continued

L. Related Parties

The Town was not involved in any significant related party transactions during the current operating year.

M. Retirement/Pension Plans

As authorized by the Town Council through passage of an ordinance, the Town established a SIMPLE IRA plan for employees. Contribution requirements may be amended by the Town Council. The plan is a defined contribution plan established under section 408(p) of the Internal Revenue Code. Employees make voluntary contributions up to the federal maximum of their salary to the plan and the Town matches up to three per cent (3%) of the employee's salary. Auto Owners Insurance Company serves as custodian of the SIMPLE IRA Plan and contributions can not exceed $12,000 for each participant for calendar year 2014. Employees contributed $17,898 and the Town matched $5,944 for the year ended December 31, 2014. The Town's employees are also covered under the Social Security Act maintained by the United States Government.

N. Other Post-Employment Benefits:

The Town does not provide post retirement benefits other than pension benefits as outlined in Note 4 M (Retirement/Pension Plans).

O. Net Position

Net position on the government-wide statement of net position as of December 31, 2014 is as follows:

Net Investment in Capital Assets	Governmental Activities	Business Type Activities
Cost of capital assets	$3,082,292	Not Applicable
Less: accumulated depreciation	1,090,875	
Book Value	$1,991,417	
Less capital related debt	196,977	
Net Investment in Capital Assets	$1,794,440	

Note 5. Joint Ventures

Under Georgia law, the Town, in conjunction with other cities and counties in the twelve (12) county northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2014, the Town's membership dues were assessed to and paid by Jackson County, Georgia. The Town of Arcade did not pay any annual dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements for the RC may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30605-2795

Town of Arcade, Georgia

Supplemental Statements and Schedules

For the Year Ended December 31, 2014

Town of Arcade, Georgia
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2014

	Budgeted Amounts				
	Original	Revisions	Final	Actual	Variance
REVENUES					
Fines & Forfeitures	$	$ 5,000	$ 5,000	$	$ (5,000)
Interest Income			0	11	11
Total Revenues	$ 0	$ 5,000	$ 5,000	$ 11	$ (4,989)
EXPENDITURES					
Current					
Public Safety	$	$	$ 0	$ 540	$ (540)
Capital Outlay					
Public Safety		5,000	$ 5,000	$ 4,357	$ 643
Total Expenditures	$ 0	$ 5,000	$ 5,000	$ 4,897	$ 103
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ (4,886)	$ (4,886)
NET CHANGE IN FUND BALANCE	$ 0	$ 0	$ 0	$ (4,886)	(4,886)
FUND BALANCE - BEGINNING OF YEAR				20,026	
FUND BALANCE - END OF YEAR				$ **15,140**	

Town of Arcade, Georgia

Special Schedules and Reports

For the Year Ended December 31, 2014

Town of Arcade, Georgia
Schedule of Project Expenditures with
Special Purpose Local Option Sales Tax Revenue
For the Year Ended December 31, 2014

SPLOST # 4	Original Estimated Cost	EXPENDITURES Prior Years	Current Year	Total	% of Completion
PUBLIC WORKS					
Road & Bridges Infrastructure	$ 144,000	$ 50,645	$	$ 50,645	35%
GENERAL GOVERNMENT					
Buildings	1,449,000	1,408,726		1,408,726	97%
SPLOST # 4 TOTALS	$ 1,593,000	$ 1,459,371	$ 0	$ 1,459,371	

SPLOST # 5	Original Estimated Cost	EXPENDITURES Prior Years	Current Year	Total	% of Completion
PUBLIC WORKS					
Road & Bridges Infrastructure	$ 249,805	$	$	$ 0	0%
GENERAL GOVERNMENT					
Buildings	875,821	561,136	240,487	801,623	92%
Parks & Recreation	125,028			0	0%
SPLOST # 5 TOTALS	$ 1,250,654	$ 561,136	$ 240,487	$ 801,623	

Expenditures funded with LMIG receipts of $18,340 are not reflected on the above schedule.

HUBERT A. BRISCOE, CPA
Certified Public Accountant
AICPA MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 531
47 North Center Street
Winder, Georgia 30680-0531
Office (770) 867-1270 / Fax (770) 867-8798
CPA MEMBER GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

Honorable Mayor and Town Council
Town of Arcade, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the remaining fund information of the Town of Arcade, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Arcade, Georgia's basic financial statements, and have issued our report thereon dated June 19, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Arcade, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

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

Hubert A. Briscoe, CPA

HUBERT A. BRISCOE, CPA
Winder, Georgia 30680-0531
June 19 , 2015