CITY OF ARLINGTON, GEORGIA
Arlington, Georgia

Financial Statements
and Supplemental Information

For the Fiscal Year Ended
June 30, 2014

And

Auditor's Report

CITY OF ARLINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Arlington, Georgia

Report on the Financial Statements

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 City of Arlington, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Georgia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 36-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Arlington, Georgia's basic financial statements. The individual major fund, combining and individual non-major fund, and component unit financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual major fund, combining and individual non-major fund, and component unit financial statements and supplementary schedules are the responsibility of management and were derived and relate 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 accounting and other records used to prepare the basic financial statements or to the basic 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 major fund, combining and individual non-major fund, and component unit financial statements and supplementary schedules are

fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Arlington, Georgia's basic financial statements for the year ended June 30, 2013, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information. The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Arlington, Georgia's basic financial statements as a whole. The individual major fund, combining and individual non-major fund, and component unit financial statements, and supplementary information related to the June 30, 2012 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 major fund, combining and individual non-major fund, and component unit financial statements and supplemental schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of the City of Arlington, 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 in accordance with *Government Auditing Standards* in considering City of Arlington, Georgia's internal control over financial reporting and compliance.

/s/ Brown & McDaniel, CPAs, LLC

Albany, Georgia
December 12, 2014

BASIC FINANCIAL STATEMENTS

CITY OF ARLINGTON, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	$ 180,417	$ 142,389	$ 322,806	$ 3,640
Investments	1,860	38,013	39,873	-
Receivables	47,579	28,149	75,728	-
Restricted Assets:				
Cash and Cash Equivalents	-	27,926	27,926	-
Investments	-	69,792	69,792	-
Deposits	-	200	200	-
Capital Assets - Not Being Depreciated	73,631	521,013	594,644	49,030
Capital Assets, Net of Accumulated Depreciation	979,850	5,003,567	5,983,417	-
Total Assets	1,283,337	5,831,049	7,114,386	52,670
LIABILITIES				
Accounts Payable	27,515	21,331	48,846	-
Accrued Liabilities	582	-	582	-
Customer Deposits Payable	-	40,883	40,883	-
Non-current Liabilities:				
Due Within One Year	26,420	16,119	42,539	-
Due In More Than One Year	25,763	1,254,058	1,279,821	-
Total Liabilities	80,280	1,332,391	1,412,671	-
NET POSITION				
Net Investment in Capital Assets	1,001,298	4,254,403	5,255,701	49,030
Restricted:				
Special Revenue Projects	-	-	-	3,640
Capital Projects	123,513	-	123,513	-
Unrestricted	78,246	244,255	322,501	-
Total Net Position	$1,203,057	$ 4,498,658	$ 5,701,715	$ 52,670

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Program	Expenses	Program Revenues: Charges For Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital
Governmental Activities:				
General Government	$ 179,394	$ 13,899	$ -	$ -
Public Safety	241,333	11,081	-	-
Public Works	336,015	116,476	18,311	491,069
Housing and Development	6,000	-	6,000	-
Culture and Recreation	30,375	9,820	3,764	-
Interest (Long-Term Debt)	2,463	-	-	-
Total Governmental Activities	795,580	151,276	28,075	491,069
Business-Type Activities:				
Water and Sewerage	519,332	381,939	-	-
Total Business-Type Activities	519,332	381,939	-	-
Total Primary Government	$ 1,314,912	$ 533,215	$ 28,075	$ 491,069
Component Units	$ 6,190	$ 4,528	$ -	$ -

General Revenues:
  Taxes:
    Property Taxes
    Local Option Sales Taxes
    Alcoholic Beverage Taxes
    Insurance Premiums Tax
    Franchise Taxes
    Excise Tax on Energy
    Railroad Equipment Tax
    Housing Authority - In Lieu of Taxes
    Intangible and Real Estate Transfer Taxes
  Interest Earnings
  Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (165,495)	$ -	$ (165,495)	$ -
(230,252)	-	(230,252)	-
289,841	-	289,841	-
-	-	-	-
(16,791)	-	(16,791)	-
(2,463)	-	(2,463)	-
(125,160)	-	(125,160)	-
-	(137,393)	(137,393)	-
-	(137,393)	(137,393)	-
(125,160)	(137,393)	(262,553)	-
-	-	-	(1,662)
182,438	-	182,438	-
95,892	-	95,892	-
16,934	-	16,934	-
76,293	-	76,293	-
75,343	-	75,343	-
9,671	-	9,671	-
1,818	-	1,818	-
1,485	-	1,485	-
1,191	-	1,191	-
636	2,171	2,807	38
16,309	-	16,309	-
(476,181)	476,181	-	-
1,829	478,352	480,181	38
(123,331)	340,959	217,628	(1,624)
1,326,388	4,157,699	5,484,087	54,294
$ 1,203,057	$ 4,498,658	$ 5,701,715	$ 52,670

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

CITY OF ARLINGTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects CDBG	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 67,782	$ 58	$ 112,577	$ 180,417
Investment	1,860	-	-	1,860
Receivables	36,743	-	10,836	47,579
Due From Other Funds	-	42	2,890	2,932
Total Assets	106,385	100	126,303	232,788
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	27,515	-	-	27,515
Accrued Liabilities	582	-	-	582
Due to Other Funds	42	-	2,890	2,932
Total Liabilities	28,139	-	2,890	31,029
Fund Balances:				
Restricted	-	100	123,413	123,513
Assigned	46,023	-	-	46,023
Unassigned	32,223	-	-	32,223
Total Fund Balances	78,246	100	123,413	201,759
Total Liabilities and Fund Balances	$ 106,385	$ 100	$ 126,303	

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	1,053,481
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(52,183)
Net Position of Governmental Activities	$ 1,203,057

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Capital Projects CDBG	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 461,065	$ -	$ -	$ 461,065
Licenses and Permits	13,899	-	-	13,899
Fines and Forfeitures	11,081	-	-	11,081
Charges for Services	116,476	-	-	116,476
Intergovernmental	22,075	425,905	70,432	518,412
Miscellaneous	26,765	-	732	27,497
Total Revenues	651,361	425,905	71,164	1,148,430
EXPENDITURES				
Current:				
General Government	159,755	-	7	159,762
Public Safety	208,704	-	-	208,704
Public Works	295,671	-	-	295,671
Housing and Development	-	-	6,000	6,000
Culture and Recreation	23,622	-	-	23,622
Capital Outlay	-	435,905	49,181	485,086
Debt Service:				
Principal	-	-	28,452	28,452
Interest	-	-	2,463	2,463
Total Expenditures	687,752	435,905	86,103	1,209,760
Excess (Deficiency) of Revenues Over Expenditures	(36,391)	(10,000)	(14,939)	(61,330)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,523	10,000	30,915	42,438
Transfers Out	(9,041)	-	(29,142)	(38,183)
Total Other Financing Sources (Uses)	(7,518)	10,000	1,773	4,255
Net Change in Fund Balances	(43,909)	-	(13,166)	(57,075)
Fund Balances - Beg of Year	122,155	100	136,579	258,834
Fund Balances - End of Year	$ 78,246	$ 100	$ 123,413	$ 201,759

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

CITY OF ARLINGTON, 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 JUNE 30, 2014

Amounts reported for governmental activities in the "Statement of Activities" are different because:

Net change in fund balances - total governmental funds reported in "Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds"	$ (57,075)
Governmental funds report capital outlays as expenditures. However, in the "Statement of Activities" the costs of those assets, which exceed the capitalization threshold, are allocated over their estimated useful lives and reported as depreciation expense. Details of the amount by which depreciation exceeded capital outlays in the current period are as follows:	
Capital Outlays	-
Depreciation Expense	(94,708)
	(94,708)
Governmental funds report the proceeds of long-term debt as a current financial resource and the repayment of principal as an expenditure of current financial resources. However, in the "Statement of Activities" there is no effect for these transactions. Details of the amount by which long-term debt proceeds exceeded repayments of principal in the current period are as follows:	
Principal Repayments	28,452
Proceeds of Long-Term Debt	-
	28,452
Change in Net Position of governmental activities reported in the "Statement of Activities"	$ (123,331)

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 142,389	$ 142,389
Investments	38,013	38,013
Accounts Receivables	28,149	28,149
Restricted Assets:		
Cash and Cash Equivalents	27,926	27,926
Total Current Assets	236,477	236,477
Non-current Assets:		
Restricted Assets - Investments	69,792	69,792
Capital Assets:		
Land and Construction in Progress	521,013	521,013
Other Capital Assets, Net of Accumulated Depreciation	5,003,567	5,003,567
Deposits	200	200
Total Non-current Assets	5,594,572	5,594,572
Total Assets	5,831,049	5,831,049
LIABILITIES		
Current Liabilities:		
Accounts Payable	21,331	21,331
Payable from Restricted Assets:		
Revenue Bond - 2009 Series	16,119	16,119
Customer Deposits	40,883	40,883
Total Current Liabilities	78,333	78,333
Long-Term Liabilities:		
Revenue Bond Payable - 2009 Series	1,254,058	1,254,058
Total Long-Term Liabilities	1,254,058	1,254,058
Total Liabilities	1,332,391	1,332,391
NET POSITION		
Net Investment in Capital Assets	4,254,403	4,254,403
Restricted	-	-
Unrestricted	244,255	244,255
Total Net Position	$ 4,498,658	$ 4,498,658

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
OPERATING REVENUES		
Water and Sewerage Charges	$ 363,326	$ 363,326
Cut-On and Tap Fees	9,568	9,568
Penalties and Miscellaneous	9,045	9,045
Total Operating Revenues	381,939	381,939
OPERATING EXPENSES		
Administration and Operations	325,321	325,321
Depreciation	139,118	139,118
Total Operating Expenses	464,439	464,439
Operating (Loss)	(82,500)	(82,500)
NON-OPERATING REVENUES AND EXPENSES		
Interest Income	2,171	2,171
Interest Expense	(54,893)	(54,893)
Total Non-Operating Revenues and Expenses	(52,722)	(52,722)
Net Loss Before Contributions and Transfers	(135,222)	(135,222)
CONTRIBUTIONS		
2007 Arlington SPLOST Fund	44,531	44,531
CDBG Fund	435,905	435,905
Total Contributions	480,436	480,436
TRANSFERS		
Transfers In	-	-
Transfers Out	(4,255)	(4,255)
Net Transfers	(4,255)	(4,255)
Change in Net Position	340,959	340,959
Net Position - Beg of Year	4,157,699	4,157,699
Net Position - End of Year	$ 4,498,658	$ 4,498,658

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 377,454	$ 377,454
Cash Paid To Employees for Services	(52,454)	(52,454)
Cash Paid To Suppliers	(274,262)	(274,262)
Net Cash Provided by Operating Activities	50,738	50,738
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers To Other Funds	(4,255)	(4,255)
Net Cash Provided by Non-Capital Financing Activities	(4,255)	(4,255)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Revenue Bonds	(14,899)	(14,899)
Interest Paid on Revenue Bonds	(54,893)	(54,893)
Net Cash (Used) by Capital and Related Financing Activities	(69,792)	(69,792)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	2,171	2,171
Interest Reinvestment-Certificate of Deposit	(918)	(918)
Net Cash Provided by Investing Activities	1,253	1,253
Net Increase (Decrease) in Cash and Cash Equivalents	(22,056)	(22,056)
Cash and Cash Equivalents - Beg of Year	192,371	192,371
Cash and Cash Equivalents - End of Year	$ 170,315	$ 170,315
RECONCILIATION OF CASH AND CASH EQUIVALENTS ON STATEMENT OF NET ASSETS		
Cash and Cash Equivalents-Current	$ 142,389	$ 142,389
Cash and Cash Equivalents-Restricted	27,926	27,926
Total Cash and Cash Equivalents	$ 170,315	$ 170,315

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities Enterprise Funds	
	Water and Sewerage	Totals Current Year
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$ (82,500)	$ (82,500)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	139,118	139,118
(Increase) Decrease in Accounts Receivable	(6,215)	(6,215)
Increase (Decrease) in Accounts Payable	(1,395)	(1,395)
Increase (Decrease) in Customer Deposits	1,730	1,730
Total Adjustments	133,238	133,238
Net Cash Provided (Used) by Operating Activities	$ 50,738	$ 50,738
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Contributed by 2007 SPLOST Fund	$ 44,531	$ 44,531
Capital Assets Contributed by CDBG Fund	$ 435,905	$ 435,905

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

CITY OF ARLINGTON, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 1,479
Total Assets	1,479
LIABILITIES	
Due to Others	1,479
Total Liabilities	1,479
NET POSITION	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles of the City of Arlington, Georgia (City) are discussed in subsequent sections of this Note. The remaining Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2013.

B. FINANCIAL REPORTING ENTITY

The accompanying financial statements report on the financial activities of the City, which operates under a mayor and council form of government and provides for the general administration of City functions; citizens public safety; municipal court; public works; health and welfare; culture and recreation; water and sewerage services; and public transportation services.

1. Component Units

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity - An Amendment of GASB Statements No. 14 and No. 34 establishes standards for determining which organizations should be included in the financial reporting entity and for reporting the financial information of those organizations. Generally, a component unit is an organization for which the City is financially accountable and imposes a financial benefit or burden on the City or an organization that must be included as a part of the reporting entity to keep the financial statements from being misleading or incomplete because of the nature or significance of their relationship to the City. Based upon the application of these criteria, the financial activities of the following component unit have been discretely presented to emphasize that it is legally separate from the City.

Arlington Downtown Development Authority - promotes development in the downtown area. The Authority is a legally separate entity, although the Arlington City Council appoints a voting majority of the Authority's governing board, and has the ability to impose its will on the Authority. Separate financial statements of the Arlington Downtown Development Authority are not issued.

2. Related Organizations

Housing Authority of City of Arlington - administers Federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the governing board are appointed by the mayor and approved by the city council. The city has no significant influence over management, budget, or policies of the Housing Authority of City of Arlington. The Housing Authority of City of Arlington reports independently.

3. Joint Venture

The City, in conjunction with other cities and counties, is a member of the Southwest Georgia Regional Commission (RC). Membership in the RC is automatic for each municipality and county in the state. The Official Code of Georgia Annotated (O.C.G.A.) section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City of Arlington, Georgia paid $1,628 to the RC for the year ended June 30, 2014. The RC board membership includes the chief elected official of each county and municipality. The county and municipal board members from that county elect one member of the board who is a resident (but not an elected or appointed official or employee of either) to serve as the non-public board member from that county. Complete financial statements of the Southwest Georgia Regional Commission may be obtained at the offices in Camilla, Georgia. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) further defines RC's as public agencies and instrumentalities of their members, and as such, provides that member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1).

C. BASIS OF PRESENTATION

1. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information of the City as whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City 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 programs 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 City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund 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.

2. Fund Financial Statements

Fund financial statements are provided for government, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The City reports the following major governmental funds:

General Fund - reports as the primary fund for the City. This fund is used to account for all financial resources not reported in other funds.

CDBG Capital Projects Fund - reports the activity of the City's Community Development Block Grant for water and sewer improvements. The primary source of revenue for this fund is a federal grant passed through the Georgia Department of Community Affairs.

The City reports the following major proprietary funds:

Water and Sewerage Fund - is used to account for the provision of water and sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collecting.

Additionally, the City reports the following fiduciary fund type:

Arlington Recorders Court - is used to administer the City's municipal court collections and subsequent remittances to appropriate agencies or organizations.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using the same focus and basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

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 City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. 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.

Major revenue sources susceptible to accrual include: sales and use taxes, hotel/motel taxes, property taxes, franchise taxes, charges for services, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund.

Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Cash and Investments

The City's deposits and investments, including those of component units, consist entirely of demand deposits, money market accounts, savings accounts, and certificates of deposit. For purposes of the statement of cash flows, the City considers certificates of deposit with original maturities of three months or less to be cash equivalents.

Subject to the provisions of state statutes (O.C.G.A. 36-83-4), any money subject to the governing authority's control may be invested in the following: (a) obligations of this state or of other states; (b) obligations issued by the Unites States Government; (c) obligations fully insured or guaranteed by the United States Government or by a government agency of the United States; (d) obligations of any corporations of the United States Government; (e) prime bankers acceptances; (f) the local government investment pool; (g) repurchase agreements; and (h) obligations of other political subdivisions of this state.

The City's policy is to invest excess available cash in certificates of deposit only. These investments are reported at their carrying amounts, which approximates fair value.

2. Inventories and Prepaids

The costs of inventories are recorded as expenditures/expenses when purchased in all funds. The costs of inventory at year end, if any, are not considered material to the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures when paid in governmental activities and are reported on a consumption basis in business-type activities. The cost of prepaid items at year end applicable to governmental activities, if any, are not considered material to the financial statements.

3. Capital Assets, Depreciation, and Amortization

The City'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 City maintains infrastructure asset records consistent with all other capital assets, however, infrastructure assets acquired prior to the implementation of GASB Statement No. 34 (FYE June 30, 2004) are not reported. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a unit cost of $5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	25-50
Improvements, other than buildings	5-50
Water and Sewerage Systems (Infrastructure)	7-50
Furniture, machinery, and equipment	5-20

4. Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on the proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The City incurred no interest costs during the year requiring capitalization.

5. Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Debt issuance costs, except for any portion that is a prepayment of insurance, are expensed when incurred. The difference between the reacquisition price and net carrying value of the old debt in current refundings and advance refundings resulting in defeasance of debt is reported as a deferred outflow of resources or deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the shorter of the life of the new debt or the remaining life of the old debt.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

6. Compensated Absences

GASB Standards require that leave pay be accrued when: (a) the employer's obligation to employee's right to receive compensation for future benefits is attributable to employee's services already rendered; (b) the obligation related to rights that vest or accumulate; (c) payment of the compensation is probable; and (d) the amount can be reasonably estimated.

The cost of vacation pay and accumulated sick-pay benefits are not recorded until such benefits are paid because the amount cannot be reasonably estimated. Accordingly, no provision for a liability for compensated absences has been recorded.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City did not have any items that qualified for reporting in this category.

8. Net Position and Fund Balances

Net position is comprised of the following three components:

a. Net Investment in Capital Assets. This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

b. Restricted. This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in recognition of a liability or if the liability will be liquidated with the restricted assets reported.

c. Unrestricted. This component is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The government-wide financial statements report restricted net position for amounts where constraints are imposed either by creditors, grantors, contributors, and others or by enabling legislation. Net position restricted by enabling legislation in the statement of net position was $123,413. The remaining net position reported as restricted in the statement of net position is legally restricted for specified purposes.

Fund balances in the governmental funds financial statements are classified into the following categories as applicable:

a. Non-spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.

b. Restricted. The restricted fund balance classification includes amounts where constraints have been placed on resources that are (1) either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed. The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the government's highest level of decision-making authority (City Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

d. Assigned. The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the governing body itself or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. It is the policy of the City Council to reserve unto itself the authority to assign amounts to specific purposes.

e. Unassigned. The Unassigned fund balance is the residual classification for the general fund. This classification represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When an expense or expenditure is incurred for which both restricted and unrestricted net position or fund balance is available, the City considers restricted amounts to have been spent before unrestricted amounts. The City has not established a policy for the use of its unrestricted fund balance. Therefore, the City has defaulted to considering committed amounts as being used first, followed by assigned amounts, and then unassigned amounts.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, deferred outflows or resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ, in some cases significantly, from those estimates.

F. REVENUES, EXPENDITURES, AND EXPENSES

1. Lease Commitments

Operating Leases
The City has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. These expenditures were made primarily from the General Fund and Water and Sewerage Fund.

2. 2007 Special Purpose Local Option Sales Tax

On March 20, 2007, the citizens of Calhoun County, Georgia approved the continued collection of a special 1% local option sales tax for a period of six years beginning on July 1, 2007. Under agreement dated February 12, 2007 with Calhoun County, Georgia, the City is to receive an estimated $183,310 or 7.33% of the tax proceeds over the collection period, with the City receiving the first distribution in July, 2008. The proceeds of the tax are to be used by the City to finance projects for improving the water and sewer system, for recreational purposes, and for road, street and bridge purposes.

3. 2012 Special Purpose Local Option Sales Tax

On November 2, 2010, the citizens of Early County, Georgia approved the continued collection of a special 1% local option sales tax for a period of six years beginning on January 1, 2012. Under agreement dated August 20, 2010 with Early County, Georgia, the City is to receive an estimated $247,000 or 2.75% of the tax proceeds over the collection period, with the City receiving the first distribution in March, 2012. The proceeds of the tax are to be used by the City to finance capital outlay projects for the City, including construction of, improvements to, equipment for, and alterations of city buildings and facilities, and streets and roads.

4. 2013 Special Purpose Local Option Sales Tax

On November 6, 2012, the citizens of Calhoun County, Georgia approved the continued collection of a special 1% local option sales tax for a period of six years beginning July 1, 2013. Under agreement dated June 28, 2012 with Calhoun County, Georgia, the City is to receive an estimated $247,500 or 7.50% of the tax proceeds over the collection period, with the City receiving the first distribution in September, 2013. The proceeds of the tax are to be used by the City to finance capital outlay projects for the City, including alterations to city building, voting equipment, public safety and public works, road, streets, sidewalks, water, and sewer improvements.

G. NEW ACCOUNTING PRONOUNCEMENTS

The City has adopted GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62.* GASBS 66 amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. GASBS 66 also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* by modifying the specific guidance on accounting for (1) operating lease payments that vary from the straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. MATERIAL VIOLATIONS OF LEGAL AND CONTRACTUAL PROVISIONS

1. Expenditures Over Appropriations

The City incurred expenditures, which exceeded appropriations for the City's public works and culture and recreation department in violation of O.C.G.A. 36-81-3 by $32,371 and $3,522 respectively.

2. Commingled SPLOST Funds

The City commingled SPLOST funds by paying costs of one SPLOST with the funds of another SPLOST in violation of O.C.G.A. 48-8-121 in the amount of $2,890.

B. BUDGETARY INFORMATION

1. Budgetary Preparation

On or before a date fixed by the City Council, but not later than 60 days prior to the beginning of each fiscal year, the City Manager shall submit to the City Council a proposed operating budget for the ensuing fiscal year. The budget shall be accompanied by a message from the City Manager containing a statement of the general fiscal policies of the City, the important features of the budget, explanations of major changes recommended for the next fiscal year, a general summary of the budget, and such other pertinent comments and information. The operating budget and the capital budget, the budget message, and all supporting documents shall be filed in the office of the City Clerk and shall be open to public inspection.

2. Basis of Budgeting

Adoption of the budget is in the form of an appropriations ordinance setting out the estimated revenues in detail by sources and making appropriations according to fund and by organizational unit, purpose, or activity as set out in the City's budget preparation ordinance. Accordingly, each operating fund adopts an annual budget prepared on detailed line-item basis in a manner consistent with GAAP. Revenues are budget by source. Expenditures are budgeted by department. This constitutes the legal level of control and expenditures may not exceed appropriations at this level. The City Council, by ordinance, may make changes in the appropriations contained in the current operating budget, at any regular meeting, special, or emergency meeting called for such purpose, but any additional appropriations may be made only from existing unexpended surplus. Budget revisions at this level are subject to final review by the Council.

3. Encumbrances

The City has not reserved any fund balances for recorded encumbrances of financial resources. Encumbrance accounting is normally an extension of formal budgetary integration. Encumbrances do not represent actual expenditures but rather are budgetary items, which represent the estimated cost of goods and services, which have yet to be received. The purpose of encumbrance accounting is to facilitate the prevention of overspending of appropriations.

C. DEFICIT FUND NET ASSETS

All funds operated by the City have positive fund balances.

NOTE 3 - DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. ASSETS

1. Deposits and Investments

Deposits

Custodial Credit Risk - for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of the outside party. The City's deposits, including those of its component units, consist entirely of demand deposit, money market, savings accounts, and certificates of deposit.

Primary Government

At June 30, 2014, the City's deposits had a carrying amount of $350,582 and a bank balance of $408,837. Of the bank balance, $297,642 was covered by federal depository insurance and $111,195 was secured by collateral held by the pledging bank's agent in the City's name.

Component Units

At June 30, 2014, the Arlington Downtown Development Authority's deposits had a carrying amount of $3,640 and a bank balance of $3,640. All of the bank balance was covered by federal depository insurance.

Investments

Custodial Credit Risk - for investments is the risk that, in the event of the failure of the counterparty (e.g. financial institution or broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investment securities are exposed to custodial credit risk if the securities uninsured, are not registered in the government's name, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the government's name.

Primary Government

The City's investments consist entirely of certificates of deposit. At June 30, 2014, the City's investments had a carrying amount of $109,665 and a bank balance of $109,665. Of the bank balance, none was covered by federal depository insurance and $109,665 was secured by collateral held by the pledging bank's agent in the City's name.

Component Units

At June 30, 2014, the Arlington Downtown Development Authority had no investments.

Due to the nature of the deposits and investments that are authorized under state statutes and the City's deposit and investment policies, management does not believe the City has a significant exposure to any of the following deposit or investment risks:

Credit Risk - the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an entity's investment in a single issuer.

Interest Rate Risk - the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment.

Foreign Currency Risk - the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit.

2. Receivables and Uncollectible Accounts

Primary Government

Property Taxes Receivable, Deferred Revenue, and Property Tax Calendar

Property taxes are levied as of the date the millage rate is set (October 2) and are typically due and payable between October 20th and December 20th. The lien date for property taxes is January 1 (typically). Property tax revenues are recognized when levied to the extent they result in current receivables.

Significant Receivables, Uncollectible Accounts, and Deferred Revenue

Significant receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Water & Sewerage	Nonmajor and Other Funds	Total
Receivables:				
Taxes	$ 23,241	$ -	$ -	$ 23,241
Inter-governmental	-	-	10,836	10,836
Accounts	13,198	28,149	-	41,347
Other	304	-	-	304
Totals	$ 36,743	$ 28,149	$ 10,836	$ 75,728

The City uses the direct write off method for recording uncollectible accounts, which approximates GAAP. Historically, the City's losses have not been significant.

Component Units

At June 30, 2014 the Arlington Downtown Development Authority had no receivables outstanding.

3. Restricted Assets

Restricted assets are reported in various funds for cash deposited into bank accounts legally restricted for specific uses such as the payment of debt service on long-term debt or capital projects.

4. Capital Assets

The following table provides a summary of changes in capital assets:

	Capital Assets, Not Depreciated		Capital Assets, Depreciated			
	Land	Construction In Progress	Buildings	Infrastructure and Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Totals
Primary Government						
Governmental Activities						
Balance, June 30, 2013	$ 73,631	$ -	$ 860,727	$ 507,149	$ 748,241	$ 2,189,748
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2014	73,631	-	860,727	507,149	748,241	2,189,748
Accumulated Depreciation:						
Balance, June 30, 2013	-	-	(412,296)	(204,972)	(424,291)	(1,041,559)
Increases	-	-	(22,924)	(25,357)	(46,427)	(94,708)
Decreases	-	-	-	-	-	-
Balance, June 30, 2014	-	-	(435,220)	(230,329)	(470,718)	(1,136,267)
Capital Assets, Net	$ 73,631	$ -	$ 425,507	$ 276,820	$ 277,523	$ 1,053,481
Business-Type Activities						
Balance, June 30, 2013	$ 36,985	$ 48,123	$ -	$6,590,172	$ 68,929	$ 6,744,209
Increases	-	435,905	-	37,866	6,667	480,438
Decreases	-	-	-	-	-	-
Balance, June 30, 2014	36,985	484,028	-	6,628,038	75,596	7,224,647
Accumulated Depreciation:						
Balance, June 30, 2013	-	-	-	(1,508,252)	(52,697)	(1,560,949)
Increases	-	-	-	(133,298)	(5,820)	(139,118)
Decreases	-	-	-	-	-	-
Balance, June 30, 2014	-	-	-	(1,641,550)	(58,517)	(1,700,067)
Capital Assets, Net	$ 36,985	$ 484,028	$ -	$4,986,488	$ 17,079	$ 5,524,580
Total Capital Assets, Net	$ 110,616	$ 484,028	$ 425,507	$5,263,308	$ 294,602	$ 6,578,061
Component Units						
Balance, June 30, 2012	$ 49,030	$ -	$ -	$ -	$ -	$ 49,030
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2013	49,030	-	-	-	-	49,030
Accumulated Depreciation:						
Balance, June 30, 2012	-	-	-	-	-	-
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, June 30, 2013	-	-	-	-	-	-
Capital Assets, Net	$ 49,030	$ -	$ -	$ -	$ -	$ 49,030

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

Governmental Activities		Business-Type Activities	
General Government	$ 17,912	Water and Sewerage	$ 139,118
Public Safety	32,629		
Public Works	39,375		
Culture and Recreation	4,792		
Totals	$ 94,708		$ 139,118

B. LIABILITIES

1. Long-Term Debt

Primary Government

Governmental Activities
When favorable conditions present themselves the City periodically finances purchases of equipment.

Business-Type Activities

a. Revenue Bond: The ordinance authorizing the issuance of the Water and Sewer System Revenue Bond - Series 2009 - includes the following provisions:

   i. There shall be paid into the City of Arlington Water and Sewer System Sinking Fund 2009 amounts sufficient to pay the principal and interest as such principal and interest shall become due and payable; and

   ii. There shall be paid into the City of Arlington Water and Sewerage System Sinking Fund 2009 the sums of $582 per month to maintain a payment reserve of $69,792.

The following table provides a summary of changes in long-term debt:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due Within 1 Year
Governmental Activities					
Branch Bank and Trust, For Police Car, Due in Quarterly Installments of $1,958 Through Jun, 2017 at 3.380% Interest (Original Amount $35,894)	$ 29,190	$ -	$ (6,933)	$ 22,257	$ 7,171
Branch Bank and Trust, For Police Car, Due in Quarterly Installments of $3,038 each Through Feb, 2015 at 3.330% Interest (Original Amount $34,750)	20,576	-	(11,612)	8,964	8,964
Branch Bank and Trust, For Equipment, Due in Quarterly Installments of $2,732 each Through Apr, 2016 at 3.76% Interest (Original Amount $49,498)	30,869	-	(9,907)	20,962	10,285
Totals Governmental Activities	$ 80,635	$ -	$ (28,452)	$ 52,183	$ 26,420
Business-Type Activities					
2009 Series, 4.25% Water And Sewerage System Revenue Bond, For Sewage System Improvements, (Original Amount $1,340,000)	$ 1,285,076	$ -	$ (14,899)	$ 1,270,177	$ 16,119
Totals Business-Type Activities	$ 1,285,076	$ -	$ (14,899)	$ 1,270,177	$ 16,119
Total Long-Term Debt	$ 1,365,711	$ -	$ (43,351)	$ 1,322,360	$ 42,539

The annual requirements to amortize the preceding obligations as of June, 30, 2014, are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2015	$ 26,420	$ 1,456	$ 27,876	$ 16,118	$ 53,674	$ 69,792
2016	18,094	669	18,763	16,671	53,121	69,792
2017	7,669	163	7,832	17,540	52,252	69,792
2018	-	-	-	18,300	51,492	69,792
2019	-	-	-	19,093	50,699	69,792
2020-2024	-	-	-	108,327	240,633	348,960
2025-2029	-	-	-	134,095	214,865	348,960
2030-2034	-	-	-	165,793	183,167	348,960
2035-2039	-	-	-	204,985	143,975	348,960
2040-2044	-	-	-	253,403	95,557	348,960
2045-2049	-	-	-	313,386	35,574	348,960
2050	-	-	-	2,466	9	2,475
Totals	$ 52,183	$ 2,288	$ 54,471	$ 1,270,177	$1,175,018	$ 2,445,195

Component Units

Conduit Debt

The Arlington Downtown Development Authority obtained funding from the One Georgia Authority for the benefit of a local private enterprise in the form of a low interest loan. Neither the Arlington Downtown Development Authority, nor the City of Arlington, Georgia is liable for repayment of the obligation. The amount of the obligation outstanding at June 30, 2014 was $237,201.

2. Risk Management

The City is exposed to various forms of risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for this risk of loss which management believes to be sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City participates in the Georgia Municipal Association Workers Compensation Fund. The liability of the fund to the employees of an employer (City) is specifically limited to such obligations as are imposed by the applicable state laws against the employer for workers compensation and/or employer's liability.

The fund is to defend, in the name of, and on behalf of the members, any suit or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

As part of these risk pools, governments are obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage description issued, all incidents which could result in the funds being required to pay any claim or loss. Governments are also to allow the pool's agents and attorneys to represent them in investigation, settlement discussions and all levels of litigation arising out of any claim made against the government within the scope of loss protection by the funds.

C. NET POSITION/FUND BALANCES

The City reports the following net position/fund balances as restricted at year-end:

CDBG Capital Projects Fund	$ 100
2007 Special Purpose Local Option Sales Tax Fund	37,385
2012 Special Purpose Local Option Sales Tax Fund	60,530
2013 Special Purpose Local Option Sales Tax Fund	25,498
Total Restricted Fund Balances	$ 123,513

Within the General Fund, the City reports the following unrestricted fund balance as assigned at year-end:

Recreation	$ 5,342
Fire Department	4,498
Cemetery	1,426
May Day Festival	4,530
May Day Scholarship	1,011
Payroll Deductions	4,033
Grant Matching	25,183
Total Assigned Fund Balances	$ 46,023

D. BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

1. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

The following table reports interfund receivables and payables at year end:

	Due From	Due To
General Fund	$ -	$ 42
2007 Special Purpose Local Option Sales Tax Fund	2,890	-
2012 Special Purpose Local Option Sales Tax Fund	-	2,890
CDBG Fund	42	-
Totals	$ 2,932	$ 2,932

2. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service. The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following table reports transfers and payments within the reporting entity:

	Transfers Out					
	General Fund	2012 SPLOST Fund	CDBG Fund	2007 SPLOST Fund	Water & Sewer Fund	Total Transfers In
Transfers In:						
Governmental Activities						
General Fund	$ -	$ -	$ -	$ -	$ 1,523	$ 1,523
CDBG Fund	-	-	-	10,000	-	10,000
Debt Service Fund	9,041	19,142	-	-	2,732	30,915
Total Governmental Activities	9,041	19,142	-	10,000	4,255	42,438
Business-Type Activities						
Water & Sewerage Fund	-	-	435,905	44,531	-	480,436
Total Business-Type Activities	-	-	435,905	44,531	-	480,436
Total Transfers Out	$ 9,041	$ 19,142	$435,905	$ 54,531 *	$ 4,255	$ 522,874

*

* Reported in Governmental Funds as Capital Outlay and in the Water & Sewerage Fund as Contributions.

NOTE 4 - RETIREMENT PLANS

A. PEACE OFFICERS ANNUITY AND BENEFIT FUND

Policemen are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the City to the pension plan before payment of any costs or other claims.

B. DEFERRED COMPENSATION PLAN

Georgia Municipal Association

By authority of a resolution passed by the City Council (April 8, 2003) and state statute, the City has elected to participate in the GMA Deferred Compensation Plan and the GMA 401(a) Defined Contribution Plan, collectively referred to as "the Plan", administered by Georgia Municipal Association (GMA) in accordance with Internal Revenue Section(s) 457 and 401(a) respectively. The Plan covers substantially all the City employees, without regard to department, and all contributions made by or on behalf of an employee are credited to that individual participants account. Under provisions of the Plan, employees must have 6 months of service before being eligible to participate in the Plan. The City allows employees the option of contributing up to 100% of their includible compensation to the Plan, subject to the maximum statutory specific dollar amount allowed by the Internal Revenue Code, and employees are 100% vested in their contributions and investment earnings thereon.

The Plan provides for the City to match employee contributions up to 2% of annual salary. Employees are vested in employer contributions and the investment earnings thereon under the following graduated scale:

Completed Years of Service As Eligible Employee	Vested %
1 year	20
2 years	40
3 years	60
4 years	80
5 years	100

In the event of death, disability, or termination of the Plan, a participant becomes 100% vested in the employers matching contributions, notwithstanding any vesting schedule. In determining the participant's total years of service for vesting purposes, different periods of employment as an eligible employee will be added together if the participant is reemployed with the City before completing a period of separation of 1 year. If a participant separates from service, the participant's non-vested employer contributions shall be forfeited as of the date of the participant's separation from service. Amounts forfeited during a plan year shall be held unallocated until they are used to reduce or otherwise supplement employer contributions as of the earliest possible date such contributions are required to be made to the Plan.

If the City desires to amend any of its elections previously adopted, the governing authority by official action must adopt an amendment of the of the Adoption Agreement or a new Adoption Agreement must be adopted and forwarded to the Plan Trustees for approval. The amendment of the new Adoption Agreement is not effective until approved by the Trustees and other procedures required by the Plan have been implemented.

For the year ended June 30, 2014, the contributions of the employees and City amounted to $6,729 and $3,410 respectively.

NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

The City attorney has advised the City that no litigation is pending (or has been threatened) against the City at June 30, 2014.

B. CONTINGENCIES

Except for the joint venture relationship described in Note 1-B.3., the City has not entered into any arrangement under which the City would assume any actual or potential liability for the obligations of any governmental or private agency, authority, or instrumentality.

C. GRANTS

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

NOTE 6 - SUBSEQUENT EVENTS

There were no other subsequent events, which would materially affect the financial statements and require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 490,200	$ 490,200	$ 461,065	$ (29,135)
Licenses and Permits	13,500	13,500	13,899	399
Fines and Forfeitures	12,000	12,000	11,081	(919)
Charges for Services	115,000	115,000	116,476	1,476
Intergovernmental Revenue	1,200	1,200	22,075	20,875
Miscellaneous Revenue	24,500	24,500	26,765	2,265
Total Revenues	656,400	656,400	651,361	(5,039)
EXPENDITURES				
General Government	163,640	163,640	159,755	3,885
Public Safety	213,750	213,750	208,704	5,046
Public Works	263,300	263,300	295,671	(32,371)
Culture and Recreation	20,100	20,100	23,622	(3,522)
Total Expenditures	660,790	660,790	687,752	(26,962)
Excess (Deficiency) of Revenues Over Expenditures	(4,390)	(4,390)	(36,391)	(32,001)
OTHER FINANCING SOURCES (USES)				
Re-appropriated Fund Balance	11,490	11,490	-	(11,490)
Transfers In	-	-	1,523	1,523
Transfers Out	(7,100)	(7,100)	(9,041)	(1,941)
Net Other Financing Source (Uses)	4,390	4,390	(7,518)	(11,908)
Net Change in Fund Balance	-	-	(43,909)	(43,909)
Fund Balance - Beg of Year	122,155	122,155	122,155	-
Fund Balance - End of Year	$ 122,155	$ 122,155	$ 78,246	$ (43,909)

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
TAXES				
Property Taxes	$ 190,500	$ 190,500	$ 182,438	$ (8,062)
Local Option Sales Taxes	125,000	125,000	95,892	(29,108)
Alcoholic Beverage Taxes	18,000	18,000	16,934	(1,066)
Insurance Premiums Tax	75,000	75,000	76,293	1,293
Franchise Taxes	79,000	79,000	75,343	(3,657)
Excise Tax on Energy	-	-	9,671	9,671
Railroad Equipment Tax	2,000	2,000	1,818	(182)
Housing Authority- In Lieu of Taxes	-	-	1,485	1,485
Real Estate Transfer Tax	-	-	92	92
Intangible Taxes	700	700	1,099	399
Total Taxes	490,200	490,200	461,065	(29,135)
LICENSES AND PERMITS				
Business Licenses	13,000	13,000	13,899	899
Other Licenses and Permits	500	500	-	(500)
Total Licenses and Permits	13,500	13,500	13,899	399
FINES AND FORFEITURES				
Fines and Forfeitures	12,000	12,000	11,081	(919)
Total Fines and Forfeitures	12,000	12,000	11,081	(919)
CHARGES FOR SERVICES				
Garbage Fees	115,000	115,000	116,476	1,476
Total Charges for Services	115,000	115,000	116,476	1,476
INTERGOVERNMENTAL REVENUE				
Federal Government	-	-	2,564	2,564
State Government	-	-	18,311	18,311
Other Local Governments	1,200	1,200	1,200	-
Total Intergovernmental Revenue	1,200	1,200	22,075	20,875
MICELLANEOUS REVENUE				
Recreation Charges	5,500	5,500	1,211	(4,289)
Interest Earnings	1,300	1,300	636	(664)
Penalties	4,000	4,000	11,242	7,242
Cemetery	500	500	1,500	1,000
Rents and Deposits	10,700	10,700	8,609	(2,091)
Miscellaneous	2,500	2,500	3,567	1,067
Total Miscellaneous Revenue	24,500	24,500	26,765	2,265
GRAND TOTAL REVENUES	$ 656,400	$ 656,400	$ 651,361	$ (5,039)

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
GENRAL GOVERNMENT				
Salaries	$ 56,000	$ 56,000	$ 58,605	$ (2,605)
Council Fees	6,000	6,000	5,950	50
Mayors Fee	2,400	2,400	2,400	-
Mayor Pro-Tem Fee	1,400	1,400	1,575	(175)
Salaries-BH Manager	11,000	11,000	11,493	(493)
Election Labor & Cost	7,500	7,500	4,178	3,322
Insurance-Public Officials	500	500	500	-
Health Insurance	6,500	6,500	6,472	28
Health Insurance Deductible	2,000	2,000	1,000	1,000
Payroll Taxes	7,900	7,900	7,020	880
Employers Retirement	1,200	1,200	1,109	91
Management Maintenance	4,100	4,100	5,600	(1,500)
Workers Compensation Insurance	800	800	311	489
Audit Fees	5,000	5,000	5,800	(800)
Legal Fees	10,000	10,000	6,441	3,559
Building Maintenance	1,000	1,000	1,465	(465)
Insurance	6,000	6,000	5,224	776
Telephone	2,840	2,840	3,200	(360)
Advertisements	2,000	2,000	1,708	292
Dues	3,000	3,000	5,141	(2,141)
Clerks Training	3,000	3,000	2,128	872
Public Officials Training	3,000	3,000	1,131	1,869
Office Supplies	4,000	4,000	2,944	1,056
Electricity	3,000	3,000	2,707	293
New Equipment	1,500	1,500	-	1,500
Office Equipment	2,000	2,000	1,472	528
Condemnation Property	10,000	10,000	-	10,000
Miscellaneous	-	-	14,181	(14,181)
Total General Government	163,640	163,640	159,755	3,885
PUBLIC SAFETY				
Police Department:				
Salaries	110,000	110,000	109,776	224
Investigation	500	500	162	338
Health Insurance	13,000	13,000	10,067	2,933
Payroll Taxes	8,500	8,500	9,068	(568)
Employers Retirement	2,200	2,200	705	1,495
Workers Compensation Insurance	6,000	6,000	5,652	348
Uniforms	1,500	1,500	680	820
Legal Fees	500	500	-	500
Recorder's Court	7,450	7,450	6,711	739
Computer Maintenance	600	600	544	56
Equipment Maintenance and Repair	1,500	1,500	584	916
Vehicle Maintenance and Repair	2,500	2,500	6,979	(4,479)
Insurance	6,000	6,000	6,000	-
Police Liability Insurance	3,000	3,000	4,332	(1,332)
Telephone	$ 2,900	$ 2,900	$ 2,565	$ 335

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
PUBLIC SAFETY (continued)				
Police Department (continued):				
Training and Mileage	$ 2,500	$ 2,500	$ 2,186	$ 314
Supplies	2,500	2,500	1,739	761
Electricity	2,500	2,500	2,929	(429)
Jail Expense	2,000	2,000	2,270	(270)
Gas and Oil	12,000	12,000	15,441	(3,441)
Breath Alcohol Tests	500	500	-	500
Witness Fees	200	200	42	158
Small Equipment	1,200	1,200	-	1,200
Emergency Fund	1,500	1,500	-	1,500
Drug Task Force	2,300	2,300	2,300	-
Capital Outlay:	-	-	-	-
Total Police Department	193,350	193,350	190,732	2,618
Fire Department:				
Salaries	2,400	2,400	2,400	-
Firemen's Retainer	3,600	3,600	3,150	450
Asst. Fire Chief Salary	900	900	725	175
Payroll Taxes	200	200	226	(26)
Building Maintenance	200	200	-	200
Vehicle Maintenance and Repair	500	500	883	(383)
Insurance	3,000	3,000	2,313	687
Training and Mileage	1,800	1,800	1,527	273
Supplies	1,200	1,200	1,500	(300)
Electricity	1,200	1,200	895	305
Uniforms	1,200	1,200	1,200	-
Fire Hydrant Testing	1,200	1,200	1,200	-
Small Equipment	3,000	3,000	1,953	1,047
Total Fire Department	20,400	20,400	17,972	2,428
Total Public Safety	213,750	213,750	208,704	5,046
PUBLIC WORKS				
Salaries	43,000	43,000	42,993	7
Health Insurance	9,300	9,300	7,830	1,470
Payroll Taxes	3,300	3,300	3,555	(255)
Employers Retirement	900	900	547	353
Workers Compensation Insurance	8,000	8,000	8,952	(952)
Uniforms	1,600	1,600	-	1,600
Animal Control	1,500	1,500	1,793	(293)
Vehicle Maintenance	2,000	2,000	3,145	(1,145)
Building Maintenance	1,000	1,000	1,073	(73)
Equipment Maintenance and Repair	10,000	10,000	17,055	(7,055)
Street Maintenance	8,000	8,000	31,254	(23,254)
Insurance	6,700	6,700	4,601	2,099
Telephone	800	800	705	95
Training and Mileage	$ 500	$ 500	$ 1,291	$ (791)

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

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
PUBLIC WORKS (continued)				
Supplies	$ 6,000	$ 6,000	$ 3,341	$ 2,659
Pesticides	7,000	7,000	11,721	(4,721)
Electricity	36,000	36,000	38,066	(2,066)
Gas, Oil, and Diesel	17,000	17,000	20,719	(3,719)
Miscellaneous	700	700	-	700
Cemetery Maintenance	-	-	2,635	(2,635)
Garbage Collection and Disposal	100,000	100,000	94,395	5,605
Total Public Works	263,300	263,300	295,671	(32,371)
CULTURE AND RECREATION				
Recreation Department:				
Maintenance and Repair (65)	1,000	1,000	-	1,000
Insurance	700	700	700	-
Electricity	3,500	3,500	2,144	1,356
Concession and Supplies	-	-	233	(233)
Small Equipment	-	-	5,200	(5,200)
Calhoun County Recreation	1,500	1,500	-	1,500
Total Recreation Department	6,700	6,700	8,277	(1,577)
Community Center:				
Maintenance and Repair	3,000	3,000	1,406	1,594
Insurance	700	700	700	-
Electricity	1,200	1,200	647	553
Total Community Center	4,900	4,900	2,753	2,147
Other:				
Calhoun County Library	1,000	1,000	1,000	-
Beautification (Lights)	3,000	3,000	2,494	506
Calhoun County Community Center	1,500	1,500	1,500	-
May Day Committee	1,000	1,000	2,008	(1,008)
Downtown Development Authority	2,000	2,000	5,590	(3,590)
Total Other	8,500	8,500	12,592	(4,092)
Total Culture and Recreation	20,100	20,100	23,622	(3,522)
GRAND TOTAL EXPENDITURES	$ 660,790	$ 660,790	$ 687,752	$ (26,962)

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

CITY OF ARLINGTON, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

A. BUDGETARY INFORMATION

Annual budgets have been adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

B. EXPENDITURES OVER APPROPRIATIONS

The City incurred expenditures, which exceeded appropriations, for the following departments and corresponding amounts:

Public Works	$ 32,371
Culture and Recreation	3,522

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ARLINGTON, GEORGIA
MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

GENERAL FUND

The general fund is the City's primary operating fund and is used to account for resources, traditionally associated with governments, not requiring to be accounted for in another fund.

CAPITAL PROJECTS FUNDS

Community Development Block Grant or CDBG - is used to account for a $500,000 Community Development Block Grant (CDBG) grant (Grant #: 12p-x-019-2-5494) for water and sewer improvements and flood and drainage facilities.

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ 67,782	$ 72,810
Investments in Certificates of Deposit	1,860	8,374
Accounts Receivable	13,198	13,742
Motor Vehicle Taxes Receivable	132	440
Mobile Home Taxes Receivable	41	-
Title Ad-valorem Tax Fees	1,637	1,828
Local Option Sales Taxes Receivable	16,678	15,570
Energy Excise Tax Receivable	3,155	-
Alcoholic Beverages Taxes Receivable	1,259	1,482
Franchise Taxes Receivable	339	518
Intangible Tax Receivable	-	11
Fines Receivable	304	578
Due from CHIP Fund	-	1
Due from Federal Government	-	37,436
Total Assets	$ 106,385	$ 152,790
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	27,515	29,996
Payroll Taxes and Withholdings Payable	582	627
Due to CDBG Fund	42	12
Total Liabilities	28,139	30,635
Fund Balance:		
Fund Balance Assigned For:		
Recreation	5,342	10,195
Fire	4,498	4,629
City Park	-	75
Cemetery	1,426	2,541
Travel	-	7
May Day	4,530	6,549
May Day Scholarship	1,011	-
Payroll Deductions	4,033	-
Grant Matching	25,183	24,749
Fund Balance Unassigned	32,223	73,410
Total Fund Balance	78,246	122,155
Total Liabilities and Fund Balance	$ 106,385	$ 152,790

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30,	
	2014	2013
REVENUES		
Taxes	$ 461,065	$ 439,215
Licenses and Permits	13,899	11,878
Fines & Forfeitures	11,081	11,520
Charges for Services	116,476	144,676
Intergovernmental	22,075	134,835
Miscellaneous	26,765	29,565
Total Revenues	651,361	771,689
EXPENDITURES		
General Government	159,755	161,468
Public Safety	208,704	196,865
Public Works	295,671	278,379
Culture & Recreation	23,622	151,081
Total Expenditures	687,752	787,793
Excess (Deficiency) of Revenues Over Expenditures	(36,391)	(16,104)
OTHER FINANCING SOURCES (USES)		
Transfers In	1,523	-
Transfers Out	(9,041)	(45,578)
Total Other Financing Sources (Uses)	(7,518)	(45,578)
Net Change in Fund Balance	(43,909)	(61,682)
Fund Balance - Beginning of Year	122,155	183,837
Fund Balance - End of Year	$ 78,246	$ 122,155

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
TAXES		
Property Taxes	$ 182,438	$ 163,601
Local Option Sales Taxes	95,892	106,582
Alcoholic Beverage Taxes	16,934	17,540
Insurance Premiums Tax	76,293	73,684
Franchise Tax	75,343	77,102
Excise Tax on Energy	9,671	-
Railroad Equipment Tax	1,818	-
Housing Authority - In Lieu of Taxes	1,485	-
Real Estate Transfer Tax	92	-
Intangible Taxes	1,099	706
Total Taxes	461,065	439,215
LICENSES AND PERMITS		
Business Licenses	13,899	11,878
Other Licenses and Permits	-	-
Total Licenses and Permits	13,899	11,878
FINES AND FORFEITURES		
Fines and Forfeitures	11,081	11,520
Total Fines and Forfeitures	11,081	11,520
CHARGES FOR SERVICES		
Garbage Fees	116,476	144,676
Total Charges for Services	116,476	144,676
INTERGOVERNMENTAL REVENUE		
Federal Government	2,564	116,536
State Government	18,311	17,099
Other Local Governments	1,200	1,200
Total Intergovernmental Revenue	22,075	134,835
MISCELLANEOUS REVENUE		
Recreation Charges	1,211	586
Interest Earnings	636	1,461
Penalties	11,242	9,935
Cemetery	1,500	-
Rents and Deposits	8,609	11,455
Miscellaneous	3,567	6,128
Total Miscellaneous Revenue	26,765	29,565
GRAND TOTAL REVENUES	$ 651,361	$ 771,689

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF EXPENDITURES
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
GENERAL GOVERNMENT		
Salaries	$ 58,605	$ 56,992
Council Fees	5,950	6,225
Mayors Fee	2,400	2,200
Mayor Pro-Tem Fee	1,575	1,600
Election Labor	4,178	-
Salaries-BH Manager	11,493	10,983
Insurance-Public Officials	500	500
Health Insurance	7,472	6,244
Payroll Taxes	7,020	5,681
Employers Retirement	1,109	1,140
Management Maintenance	5,600	4,950
Workers Compensation Insurance	311	564
Audit	5,800	9,475
Legal	6,441	15,794
Building Maintenance	1,465	664
Insurance	5,224	6,200
Telephone	3,200	2,834
Advertisements	1,708	1,851
Dues	5,141	3,729
Clerks Training	2,128	2,458
Public Officials Training	1,131	1,362
Office Supplies	2,944	5,064
Electricity	2,707	3,025
Miscellaneous	14,181	10,027
Office Equipment	1,472	1,906
Condemnation Property	-	-
Total General Government	159,755	161,468
PUBLIC SAFETY		
Police Department:		
Salaries	109,776	107,806
Payroll Taxes	9,068	7,848
Health Insurance	10,067	10,452
Retirement	705	622
Investigation	162	30
Uniforms	680	777
Legal Fees	-	-
Recorder's Court	6,711	6,146
Workers Compensation Insurance	5,652	5,882
Computer Maintenance	544	129
Equipment Maintenance and Repair	584	797
Vehicle Maintenance and Repair	6,979	2,558
Insurance	6,000	6,650
Insurance - Police Liability	4,332	3,200
Telephone	2,565	2,681
Training and Mileage	2,186	1,980
Supplies	1,739	2,791
Electricity	2,929	2,975
Jail Expense	2,270	-
Gas and Oil	$ 15,441	$ 10,951

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF EXPENDITURES
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
PUBLIC SAFETY (continued)		
Police Department (continued):		
Breath Alcohol Tests	$ -	$ 30
Witness	42	-
Emergency Fund	-	-
Small Equipment	-	767
Drug Task Force	2,300	2,300
Capital Outlay:	-	-
Total Police Department	190,732	177,372
Fire Department:		
Salaries	2,400	1,200
Fireman's Retainer	3,150	3,150
Asst. Fire Chief Salary	725	775
Payroll Taxes	226	102
Uniforms	1,200	-
Building Maintenance and Repair	-	1,894
Vehicle Maintenance and Repair	883	449
Insurance	2,313	3,000
Telephone	-	430
Training and Mileage	1,527	616
Supplies	1,500	514
Electricity	895	1,244
Fire Hydrant Testing	1,200	-
Miscellaneous	-	-
Small Equipment	1,953	6,119
Capital Outlay:	-	-
Total Fire Department	17,972	19,493
Total Public Safety	208,704	196,865
PUBLIC WORKS		
Salaries	42,993	50,024
Payroll Taxes	3,555	3,673
Health Insurance	7,830	9,857
Retirement	547	549
Workers Compensation Insurance	8,952	7,974
Uniforms	-	1,366
Animal Control	1,793	2,931
Building Maintenance	1,073	797
Equipment Maintenance and Repair	17,055	14,863
Vehicle Maintenance and Repair	3,145	2,401
Street Maintenance	31,254	9,556
Insurance	4,601	2,223
Telephone	705	559
Training and Mileage	1,291	711
Supplies	3,341	6,670
Pesticides	11,721	6,678
Electricity	$ 38,066	$ 36,716

CITY OF ARLINGTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF EXPENDITURES
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
PUBLIC WORKS (continued)		
Gas and Oil	$ 20,719	$ 20,471
Miscellaneous	-	-
Beautification of Arlington	-	-
Garbage Collection and Disposal	94,395	100,360
Small Equipment	-	-
Cemetery Maintenance	2,635	-
Capital Outlay:	-	-
Total Public Works	295,671	278,379
CULTURE AND RECREATION		
Recreation Department:		
Maintenance and Repair	-	1,565
Insurance	700	700
Electricity	2,144	4,649
Supplies	233	969
Small Equipment	5,200	210
Calhoun County Recreation	-	1,500
Total Recreation Department	8,277	9,593
Community Center:		
Maintenance and Repair	1,406	3,123
Electricity	647	762
Insurance	700	700
Total Community Center	2,753	4,585
Other:		
Downtown Development	5,590	1,264
Beautification (Lights)	2,494	1,295
CHIP Matching	-	6,965
Depot Matching	-	-
May Day Committee	2,008	971
Calhoun County Community Center	1,500	-
Calhoun County Library	1,000	-
Capital Outlay:		
Farmers Market	-	37,436
Depot Renovation	-	88,972
Total Other	12,592	136,903
Total Culture and Recreation	23,622	151,081
GRAND TOTAL EXPENDITURES	$ 687,752	$ 787,793

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ 58	$ 88
Due from General Fund	42	12
Total Assets	100	100
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balance:		
Fund Balance Restricted for CDGB Projects	100	100
Total Fund Balance	100	100
Total Liabilities and Fund Balance	$ 100	$ 100

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
REVENUES		
Federal Government:		
Georgia Department of Community Affairs- Community Development Block Grant	425,905	48,223
Total Revenues	425,905	48,223
EXPENDITURES		
Capital Outlay:		
Engineering - Water/Sewer Improvements	13,982	32,303
Sewer Facilities	365,198	-
Flood and Drainage Facilities	45,915	-
Engineering - Street Improvements/Flood and Drainage	810	-
Administration	10,000	15,820
Total Expenditures	435,905	48,123
Excess (Deficiency) of Revenues Over Expenditures	(10,000)	100
OTHER FINANCING SOURCES AND USES		
Transfers In	10,000	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	10,000	-
Net Change in Fund Balance	-	-
Fund Balance - Beginning of Year	100	-
Fund Balance - End of Year	$ 100	$ 100

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
CDBG PROGRAM NO. 12p-x-019-2-5494
FOR THE GRANT PERIOD SEPTEMBER 28, 2012 THROUGH SEPTEMBER 28, 2014

	CDBG Activity Number	Latest Approved Budget (CDBG Funds)
REVENUES		
Federal Government:		
Georgia Department of Community Affairs- Community Development Block Grant		$ 500,000
Total Revenues		500,000
EXPENDITURES		
Engineering - Water/Sewer Improvements	T-03J-00	36,285
Sewer Facilities	P-03J-02	385,705
Flood and Drainage Facilities	P-03K-02	46,867
Engineering - Street Improvements/Flood & Drainage	T-03K-02	1,143
Administration	A-21A-00	30,000
Total Expenditures		500,000
Excess (Deficiency) of Revenues Over Expenditures		-
OTHER FINANCING SOURCES AND USES		
Transfers In		-
Transfers Out		-
Total Other Financing Sources (Uses)		-
Net Change in Fund Balance		-
Fund Balance - Beginning of Project		-
Fund Balance - End of Year		$ -

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
CDBG PROGRAM NO. 12p-x-019-2-5494
FOR THE GRANT PERIOD SEPTEMBER 28, 2012 THROUGH SEPTEMBER 28, 2014

Accumulative CDBG Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total Of Expenditures To Date	Questioned Costs
$ 474,128	$ -	$ 474,128	
474,128	-	474,128	
36,285	10,000	46,285	$ -
365,198	-	365,198	-
45,915	-	45,915	-
810	-	810	-
25,820	-	25,820	-
474,028	10,000	484,028	$ -
100	(10,000)	(9,900)	
-	10,000	10,000	
-	-	-	
-	10,000	10,000	
100	-	100	
-	-	-	
$ 100	$ -	$ 100	

CITY OF ARLINGTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SOURCE AND APPLICATION OF FUNDS SCHEDULE
CDBG PROGRAM NO. 12p-x-019-2-5494
FOR THE CUMULATIVE PERIOD ENDED JUNE 30, 2014

Total Fiscal Year 2012 CDBG Funds Awarded Recipient	$ 500,000
Less: Deobligations	-
Adjusted Total Fiscal Year 2012 CDBG Funds Awarded Recipient	500,000
Total Amount Drawndown by Recipient From DCA	474,128
Less: CDBG Funds Expended By Recipient	474,028
Amount of Fiscal Year 2012 CDBG Funds Held By Recipient	$ 100

SPECIAL REVENUE FUNDS

Community Home Investment Program - is used to account for a $306,000 Community Home Investment Program Grant (Grant #: 2011-804) for the rehabilitation of ten owner occupied units.

CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

2013 Arlington Special Purpose Local Option Sales Tax (SPLOST) Fund - is used to account for the estimated $247,500 in tax proceeds to be collected over a six year period beginning July 1, 2013. The proceeds are to be used to finance projects including alterations to city buildings; voting equipment; public safety and public works, roads, streets, sidewalks, and water and sewer improvements.

2012 Arlington Special Purpose Local Option Sales Tax (SPLOST) Fund - is used to account for the estimated $247,000 in tax proceeds to be collected over a six year period beginning January 1, 2012. The proceeds are to be used to finance capital outlay projects including construction of, improvements to, equipment for, and alterations of city buildings and facilities, and streets and roads.

2007 Arlington Special Purpose Local Option Sales Tax (SPLOST) Fund - used to account for the estimated $183,310 in tax proceeds to be collected over a five year period beginning July 1, 2008. The proceeds are to be used to finance improvements to the water and sewer system, for road, street and bridge purposes, and for recreation purposes.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CITY OF ARLINGTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue	Capital Projects			Debt	Total Nonmajor Governmental
	CHIP	2013 SPLOST	2012 SPLOST	2007 SPLOST	Service	Funds
ASSETS						
Cash and Cash Equivalents	$ -	$ 20,873	$ 57,209	$ 34,495	$ -	$ 112,577
SPLOST Receivable	-	4,625	6,211	-	-	10,836
Due from 2012 SPLOST	-	-	-	2,890	-	2,890
Total Assets	-	25,498	63,420	37,385	-	126,303
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Due to 2007 SPLOST	-	-	2,890	-	-	2,890
Total Liabilities	-	-	2,890	-	-	2,890
Fund Balance:						
Fund Balance Restricted For:						
CHIP Projects	-	-	-	-	-	-
SPLOST Projects		25,498	60,530	37,385	-	123,413
Fund Balance Assigned For:						
Debt Service	-	-	-	-	-	-
Total Fund Balance	-	25,498	60,530	37,385	-	123,413
Total Liabilities And Fund Balance	$ -	$ 25,498	$ 63,420	$ 37,385	$ -	$ 126,303

CITY OF ARLINGTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue	Capital Projects				Total Nonmajor
	CHIP	2013 SPLOST	2012 SPLOST	2007 SPLOST	Debt Service	Governmental Funds
REVENUES						
Intergovernmental	$ 6,000	$ 25,505	$ 38,927	$ -	$ -	$ 70,432
Miscellaneous	-	-	311	421	-	732
Total Revenues	$ 6,000	25,505	39,238	421	-	71,164
EXPENDITURES						
Current:						
General Government	-	7	-	-	-	7
Housing and Development	6,000	-	-	-	-	6,000
Capital Outlay	-	-	1,720	47,461	-	49,181
Debt Service	-	-	-	-	30,915	30,915
Total Expenditures	6,000	7	1,720	47,461	30,915	86,103
Excess (Deficiency) of Revenues Over Expenditures	-	25,498	37,518	(47,040)	(30,915)	(14,939)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	30,915	30,915
Transfers Out	-	-	(19,142)	(10,000)	-	(29,142)
Total Other Financing Sources (Uses)	-	-	(19,142)	(10,000)	30,915	1,773
Net Change in Fund Balance	-	25,498	18,376	(57,040)	-	(13,166)
Fund Balance - Beg of Year	-	-	42,154	94,425	-	136,579
Fund Balance - End of Year	$ -	$ 25,498	$ 60,530	$ 37,385	$ -	$ 123,413

CITY OF ARLINGTON, GEORGIA
COMMUNITY HOME INVESTMENT PROGRAM (CHIP)
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ -	$ 1
Total Assets	-	1
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Due to General Fund	-	1
Total Liabilities	-	1
Fund Balance:		
Fund Balance Restricted for CHIP Projects	-	-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	$ -	$ 1

CITY OF ARLINGTON, GEORGIA
COMMUNITY HOME INVESTMENT PROGRAM
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	Totals			
	2014		Variance Over	2013
	Budget	Actual	(Under)	Actual
REVENUES				
Federal Government:				
Georgia Housing and Finance Authority- Community Home Investment Program	$ 6,000	$ 6,000	$ -	$ 300,000
Total Revenues	6,000	6,000	-	300,000
EXPENDITURES				
Current:				
Housing and Development:				
Rehabilitation of Private Properties	-	-	-	300,000
Administration	6,000	6,000	-	-
Total Expenditures	6,000	6,000	-	300,000
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

CITY OF ARLINGTON, GEORGIA
COMMUNITY HOME INVESTMENT PROGRAM (CHIP)
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
CHIP PROGRAM NO. 2011-804
FOR THE GRANT PERIOD DECEMBER 1, 2010 THROUGH MAY 1, 2014

	CHIP Activity Number	Latest Approved Budget (CHIP Funds)
REVENUES		
Federal Government:		
Georgia Housing and Finance Authority- Community Home Investment Program		$ 306,000
Total Revenues		306,000
EXPENDITURES		
Rehabilitation of Private Properties		300,000
Administration		6,000
Total Expenditures		306,000
Excess (Deficiency) of Revenues Over Expenditures		-
Fund Balance - Beginning of Project		-
Fund Balance - End of Year		$ -

CITY OF ARLINGTON, GEORGIA
COMMUNITY HOME INVESTMENT PROGRAM (CHIP)
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(PROJECT COST SCHEDULE)
CHIP PROGRAM NO. 2011-804
FOR THE GRANT PERIOD DECEMBER 1, 2010 THROUGH MAY 1, 2014

Accumulative CHIP Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total Of Expenditures To Date	Questioned Costs
$ 306,000	$ 6,965	$ 312,965	
306,000	6,965	312,965	
300,000	-	300,000	$ -
6,000	6,965	12,965	-
306,000	6,965	312,965	$ -
-	-	-	
-	-	-	
$ -	$ -	$ -	

CITY OF ARLINGTON, GEORGIA
COMMUNITY HOME INVESTMENT PROGRAM (CHIP)
SOURCE AND APPLICATION OF FUNDS SCHEDULE
CHIP PROGRAM NO. 2011-804
FOR THE CUMULATIVE PERIOD ENDED JUNE 30, 2014

Total Fiscal Year 2011 CHIP Funds Awarded Recipient	$ 306,000
Less: Deobligations	-
Adjusted Total Fiscal Year 2011 CHIP Funds Awarded Recipient	306,000
Total Amount Drawndown by Recipient from GHFA	306,000
Less: CHIP Funds Expended By Recipient	306,000
Amount of Fiscal Year 2011 CHIP Funds Held By Recipient	$ -

CITY OF ARLINGTON, GEORGIA
2013 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ 20,873	$ -
Special Purpose Local Option Sales Tax Receivable	4,625	-
Total Assets	25,498	-
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balance		
Fund Balance Restricted for SPLOST Projects	25,498	-
Total Fund Balance	25,498	-
Total Liabilities and Fund Balance	$ 25,498	$ -

CITY OF ARLINGTON, GEORGIA
2013 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
REVENUES		
Calhoun County, Georgia:		
Special Purpose Local Option Sales Tax	$ 25,505	-
Total Revenues	25,505	-
EXPENDITURES		
Current:		
General Government-Bank Charges	7	-
Capital Outlay:	-	-
Total Expenditures	7	-
Excess (Deficiency) of Revenues Over Expenditures	25,498	-
Fund Balance - Beginning of Year	-	-
Fund Balance - End of Year	$ 25,498	$ -

CITY OF ARLINGTON, GEORGIA
2012 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ 57,209	$ 35,889
Special Purpose Local Option Sales Tax Receivable	6,211	6,265
Total Assets	63,420	42,154
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Due to 2007 SPLOST	2,890	-
Total Liabilities	2,890	-
Fund Balance		
Fund Balance Restricted for SPLOST Projects	60,530	42,154
Total Fund Balance	60,530	42,154
Total Liabilities and Fund Balance	$ 63,420	$ 42,154

CITY OF ARLINGTON, GEORGIA
2012 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
REVENUES		
Early County, Georgia:		
Special Purpose Local Option Sales Tax	$ 38,927	$ 47,134
Miscellaneous - Interest Earnings	311	152
Total Revenues	39,238	47,286
EXPENDITURES		
Capital Outlay:		
Depot Renovation	-	11,350
Computer Equipment	1,720	-
Bad Boy Outlaw Zero Turn Mower	-	-
Total Expenditures	1,720	11,350
Excess (Deficiency) of Revenues Over Expenditures	37,518	35,936
OTHER FINANCING SOURCES AND USES		
Transfers In	-	-
Transfers Out	(19,142)	(11,072)
Total Other Financing Sources (Uses)	(19,142)	(11,072)
Net Change in Fund Balance	18,376	24,864
Fund Balance - Beginning of Year	42,154	17,290
Fund Balance - End of Year	$ 60,530	$ 42,154

CITY OF ARLINGTON, GEORGIA
2007 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ 34,495	$ 91,370
Due from 2012 SPLOST	2,890	-
Special Purpose Local Option Sales Tax Receivable	-	3,055
Total Assets	37,385	94,425
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balance		
Fund Balance Restricted for SPLOST Projects	37,385	94,425
Total Fund Balance	37,385	94,425
Total Liabilities and Fund Balance	$ 37,385	$ 94,425

CITY OF ARLINGTON, GEORGIA
2007 ARLINGTON SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
REVENUES		
Calhoun County, Georgia:		
Special Purpose Local Option Sales Tax	$ -	$ 36,662
Miscellaneous - Interest Earnings	421	710
Total Revenues	421	37,372
EXPENDITURES		
Capital Outlay:		
2012 Ford F-150	-	17,923
Husqvarna Trimmer	-	371
Water and Sewerage Equipment	44,531	42,787
2 Husqvarna Trimmers, Push Lawnmower	706	-
Edger	263	-
Cineplex Red Popcorn Machine	525	-
4 Gared 5500 Double Rim Breakaway Goal	936	-
3 Park Grills	500	-
Total Expenditures	47,461	61,081
Excess (Deficiency) of Revenues Over Expenditures	(47,040)	(23,709)
OTHER FINANCING SOURCES AND USES		
Transfers In	-	-
Transfers Out	(10,000)	-
Total Other Financing Sources (Uses)	(10,000)	-
Net Change in Fund Balance	(57,040)	(23,709)
Fund Balance - Beginning of Year	94,425	118,134
Fund Balance - End of Year	$ 37,385	$ 94,425

CITY OF ARLINGTON, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ -	$ -
Total Assets	-	-
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balance:		
Fund Balance Assigned for Debt Service	-	-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	$ -	$ -

CITY OF ARLINGTON, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	Totals			
	2014		Variance Over	2013
	Budget	Actual	(Under)	Actual
REVENUES				
Miscellaneous	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Principal Retirement	28,940	28,452	488	27,480
Interest Paid	2,505	2,463	42	3,435
Total Expenditures	31,445	30,915	530	30,915
Excess (Deficiency) of Revenues Over Expenditures	(31,445)	(30,915)	530	(30,915)
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	-	-	-	-
Transfer In	31,445	30,915	(530)	30,915
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	31,445	30,915	(530)	30,915
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beg of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through use charges.

Water and Sewerage Fund - is used to account for the provision of water and sewerage services to the residents of the City of Arlington, Georgia. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collecting.

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 142,389	$ 164,797
Investment in Certificate of Deposit	38,013	37,096
Accounts Receivable	28,149	21,934
Restricted Assets:		
Cash and Cash Equivalents	27,926	27,574
Total Current Assets	236,477	251,401
Non-current Assets:		
Restricted Assets:		
Investment in Certificate of Deposit- Reserve and Renewal Extension Fund	69,792	69,792
Capital Assets:		
Water & Sewerage System	7,149,051	6,675,280
Machinery & Equipment	75,596	68,929
	7,224,647	6,744,209
Less Accumulated Depreciation	(1,700,067)	(1,560,949)
Net Capital Assets	5,524,580	5,183,260
Deposits	200	200
Total Non-current Assets	5,594,572	5,253,252
Total Assets	$ 5,831,049	$ 5,504,653

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION

	JUNE 30, 2014	JUNE 30, 2013
LIABILTIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	$ 21,331	$ 22,726
Payable from Restricted Assets:		
Revenue Bond - 2009 Series	16,119	15,473
Customer Deposits	40,883	39,153
Total Current Liabilities	78,333	77,352
Long-Term Liabilities:		
Revenue Bond - 2009 Series	1,254,058	1,269,602
Total Long-Term Liabilities	1,254,058	1,269,602
Total Liabilities	1,332,391	1,346,954
Net Position:		
Net Investment in Capital Assets	4,254,403	3,898,185
Restricted	-	-
Unrestricted	244,255	259,514
Total Net Position	4,498,658	4,157,699
Total Liabilities and Net Position	$ 5,831,049	$ 5,504,653

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
OPERATING REVENUES		
Water & Sewerage Charges	$ 363,326	$ 297,135
Cut-on & Tap Fees	9,568	11,528
Penalties and Miscellaneous	9,045	8,389
Total Operating Revenues	381,939	317,052
OPERATING EXPENSES		
Salaries and Payroll Costs	69,282	67,308
Drinking Water Fees and Lab Tests	27,643	55,340
Maintenance and Repairs	37,523	27,581
Materials and Supplies	98,244	96,271
Electricity	76,299	62,851
Other Operating Expenses	16,330	21,751
Depreciation	139,118	140,575
Total Operating Expenses	464,439	471,677
Operating Loss	(82,500)	(154,625)
NON-OPERATING REVENUES AND EXPENSES		
Interest Income	2,171	3,760
Interest Expense	(54,893)	(54,962)
Total Non-Operating Revenues and Expenses	(52,722)	(51,202)
Net Income Before Contributions and Transfers	(135,222)	(205,827)
CONTRIBUTIONS		
2007 Arlington SPLOST Fund	44,531	42,787
CDBG Fund	435,905	48,123
Total Contributions	480,436	90,910
TRANSFERS		
Transfer In	-	30,200
Transfer Out	(4,255)	(4,465)
Net Transfers	(4,255)	25,735
Net Income (Loss)	340,959	(89,182)
Net Position - Beginning of Year (2013 Restated)	4,157,699	4,246,881
Net Position - End of Year	$ 4,498,658	$ 4,157,699

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 377,454	$ 317,024
Cash Paid to Employees for Services	(52,454)	(51,796)
Cash Paid To Other Suppliers of Goods and Services	(274,262)	(263,562)
Net Cash Provided (Used) by Operating Activities	50,738	1,666
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	30,200
Transfers To Other Funds	(4,255)	(4,465)
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,255)	25,735
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Principal Paid on Revenue Bonds	(14,899)	(14,830)
Interest Paid on Revenue Bonds	(54,893)	(54,962)
Acquisition and Construction of Capital Assets	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	(69,792)	(69,792)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	2,171	3,760
Certificate of Deposit-Interest Reinvestment	(918)	(2,443)
Certificate of Deposit Redemption	-	43,035
Net Cash Provided (Used) by Investing Activities	1,253	44,352
Net Increase (Decrease) in Cash and Cash Equivalents	(22,056)	1,961
Cash and Cash Equivalents - Beginning of Year	192,371	190,410
Cash and Cash Equivalents - End of Year	$ 170,315	$ 192,371
RECONCILIATION OF CASH AND CASH EQUIVALENTS ON BALANCE SHEETS		
Cash and Cash Equivalents-Unrestricted	$ 142,389	$ 164,797
Cash and Cash Equivalents-Restricted	27,926	27,574
Total Cash and Cash Equivalents	$ 170,315	$ 192,371

CITY OF ARLINGTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	$ (82,500)	$ (154,625)
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	139,118	140,575
Capital Assets Contributed by 2007 SPLOST Fund Not Meeting Capitalization Threshold	-	10,944
(Increase) Decrease in Accounts Receivable	(6,215)	1,669
Increase (Decrease) in Accounts Payable	(1,395)	4,801
Increase (Decrease) in Customer Deposits	1,730	(1,698)
Total Adjustments	133,238	156,291
Net Cash Provided (Used) By Operating Activities	$ 50,738	$ 1,666
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Contributed by 2007 SPLOST Fund	$ 44,531	$ 31,843
Capital Assets Contributed by CDBG Fund	$ 435,905	$ 48,123

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Arlington Recorder Court Agency Fund - is used to account for fines and bond forfeitures (including applicable surcharges) collected and the disbursement of those monies to other parties.

CITY OF ARLINGTON, GEORGIA
ARLINGTON RECORDER COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and Cash Equivalents	$ 737	$ 20,996	$ (20,254)	$ 1,479
Total Assets	737	20,996	(20,254)	1,479
LIABILITIES				
Due to P.O.A.B.	5	926	(864)	67
Due to G.S.C.C.C.A	55	3,084	(2,831)	308
Due to Calhoun County Jail Fund	59	697	(756)	-
Due to Courthouse Solutions	-	990	(990)	-
Due to Victims Assistance Program	40	573	(596)	17
Due to Drug Abuse Program	-	445	(445)	-
Due to City of Arlington General Fund	578	11,081	(11,355)	304
Miscellaneous Fees and Costs	-	3,200	(2,417)	783
Total Liabilities	$ 737	$ 20,996	$ (20,254)	$ 1,479

COMPONENT UNITS

Arlington Downtown Development Authority - is a legally separate entity promoting development in the downtown area.

CITY OF ARLINGTON, GEORGIA
ARLINGTON DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT
COMPARATIVE BALANCE SHEETS

	JUNE 30, 2014	JUNE 30, 2013
ASSETS		
Cash and Cash Equivalents	$ 3,640	$ 5,864
Total Assets	3,640	5,864
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	-	600
Total Liabilities	-	600
Fund Equity:		
Fund Balance Reserved for Downtown Development Projects	3,640	5,264
Total Fund Equity	3,640	5,264
Total Liabilities and Fund Equity	$ 3,640	$ 5,864

CITY OF ARLINGTON, GEORGIA
ARLINGTON DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED

	JUNE 30, 2014	JUNE 30, 2013
REVENUES		
Miscellaneous:		
Rent	$ 4,528	$ 1,195
Contributions	-	100
Interest	38	51
Total Miscellaneous	4,566	1,346
Total Revenues	4,566	1,346
EXPENDITURES		
Depot and Farmers Market Expenses	917	1,241
Advertising	992	-
Utilities	1,817	-
Telephone	848	-
Postage	55	-
Labor	735	-
Miscellaneous	826	22
Capital Outlay:		
Purchase of Land for Farmers Market	-	5,014
Total Expenditures	6,190	6,277
Excess (Deficiency) of Revenues Over Expenditures	(1,624)	(4,931)
Fund Balance - Beginning of Year	5,264	10,195
Fund Balance - End of Year	$ 3,640	$ 5,264

SUPPLEMENTAL SCHEDULES

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2007-2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2014

Project	Estimated Original Cost	Estimated Current Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Water and Sewer System Improv.	$ 103,310	$ 103,310	$ 50,287	$ 54,531 *	$ 104,818	101.46%
Roads, Streets, and Bridges	50,000	50,000	38,326	969	39,295	78.59%
Recreational Purposes	30,000	30,000	-	1,961	1,961	6.54%
Totals	$ 183,310	$ 183,310	$ 88,613	$ 57,461	$ 146,074	79.69%

* includes $10,000 transfer from SPLOST to CDBG for local match.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2012-2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2014

Project	Estimated Original Cost	Estimated Current Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Capital Outlay Projects, Including Construction of, Improvements to, Equipment for, and Alterations of City Buildings and Facilities, and Streets and Roads:	$ 247,000	$ 247,000	$ *	$ *	$ *	*
Computer Equipment	*	*	-	1,720	1,720	100.00%
Depot Renovation	*	*	11,350	-	11,350	100.00%
2012 Dodge Charger Police Car	*	*	35,894	-	35,894	100.00%
Bad Boy Zero Turn Mower	*	*	7,184	-	7,184	100.00%
Totals	$ 247,000	$ 247,000	$ 54,428	$ 1,720	$ 56,148	22.73%

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
2013-2019 SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2014

Project	Estimated Original Cost	Estimated Current Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Alteration to City Buildings	$ 144,500	$ 144,500	$ -	$ -	$ -	-%
Voting Equipment	8,000	8,000	-	-	-	-%
Public Safety	35,000	35,000	-	-	-	-%
Public Works, Roads, Streets, Sidewalks, Water and Sewer Improvement	60,000	60,000	-	-	-	-%
Totals	$ 247,500	$ 247,500	$ -	$ -	$ -	-%

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

To the City Council
City of Arlington, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Arlington, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise City of Arlington, Georgia's basic financial statements and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. [2014-001].

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. [2014-002].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Arlington, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items [2014-003][2014-004].

City of Arlington, Georgia's Response to Findings

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

Purpose of this Report

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

/s/ Brown & McDaniel, CPAs, LLC

Albany, Georgia
December 12, 2014

CITY OF ARLINGTON, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENT FINDINGS:

Internal Control Over Financial Reporting

2013-001 Prior Audit Finding: Financial Statement Preparation

Status and/or Corrective Action: The City of Arlington, Georgia concurred with this finding but believes that it is accepted practice for smaller governments to request that the auditor assist in the preparation of the financial statements, including note disclosures. Procedures are in place to thoroughly review the auditor-prepared financial statements and management believes they are adequate to prevent, detect, and correct any material misstatement.

2013-002 Prior Audit Finding: Segregation of Duties

Status and/or Corrective Action: The City concurred with this finding and has implemented procedures to mitigate the effects of this condition.

Compliance

2013-003 Prior Audit Finding: Expenditures Over Appropriations

Status and/or Corrective Action: The City concurred with this finding and continues to address the need for budget-actual comparisons for the purpose of determining whether or not budget revisions are necessary.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

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?	x yes ____ no
Significant deficiencies identified?	x yes ____ none reported
Noncompliance material to financial statements noted?	x yes ____ no

Section II - Financial Statement Findings

MATERIAL WEAKNESSES

2014-001 Financial Statement Preparation (repeat finding)

Criteria: Entities should have the capability of performing accounting functions and preparing financial statements, including the note disclosures, and should have the skills and competencies necessary to prevent, or detect and correct, a misstatement.

Condition: Management does not possess the capability of preparing the financial statements, including note disclosures and so the auditor was requested to draft them. However, the auditor cannot be considered part of the City's internal control and thus controls that exist over financial statement preparation at the auditor's firm cannot be considered as a part of the City's internal control.

Context: Not applicable.

Effect: Not applicable.

Cause: Not applicable

Recommendation: We recommend that the City continue with its present procedures to evaluate the auditor-prepared financial statements, including note disclosures.

Views of Responsible Officials: The City of Arlington, Georgia agrees with this finding but believes that it is accepted practice for smaller governments to request that the auditor assist in the preparation of the financial statements, including note disclosures. Procedures are in place to thoroughly review the auditor-prepared financial statements and management believes they are adequate to prevent, detect, and correct any material misstatement.

CITY OF ARLINGTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SIGNIFICANT DEFICIENCIES

2014-002 Segregation of Duties. (repeat finding)

Criteria: Segregation of conflicting duties (i.e. custody of assets, authorization of transactions, and recording of transactions) is a basic internal control designed to safeguard assets and facilitate proper recording of transactions.

Condition: During the performance of our audit, we noted that due to economic reasons the City of Arlington, Georgia is limited in the number of personnel that are employed and that personnel exercise a high degree of control over individual transactions and must perform duties inconsistent with proper segregation of internal control.

Context: Not applicable.

Effect: Failure to adequately segregate accounting functions can adversely affect the City of Arlington, Georgia's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause: The City of Arlington, Georgia is a relatively small organization with limited financial resources.

Recommendation: The benefits to be gained by fully segregating conflicting duties through the hiring of additional personnel are justified by the costs. Therefore, those charged with governance should be ever mindful of the risks involved with this condition; should require and carefully monitor periodic financial reports; and question any transactions or amounts not fully understood.

Views of Responsible Officials: The City of Arlington, Georgia agrees with this finding and those charged with governance will continue the present efforts to monitor closely the financial activities of the City of Arlington, Georgia to ensure accurate financial processing and safeguarding of the City of Arlington, Georgia's assets.

COMPLIANCE

2014-003 Expenditures Over Appropriations. (repeat finding)

Criteria: Local governments are required by law to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. This does not preclude the government from amending its budget to adapt to changing governmental needs during the budget period.

Condition: While the City of Arlington, Georgia's internal control over financial reporting to ensure that expenditures do not exceed appropriations appears to be operating as designed and is therefore generally effective in meeting the above criteria, the following funds/departments exceeded their appropriations by the corresponding amounts:

Public Works	$32,371	Culture and Recreation	$3,522

Context: Not applicable.

Effect: The City is violating state statutes.

Cause: Not applicable.

Recommendation: We recommend the City continue its present efforts to ensure that expenditures do not exceed appropriations in accordance with the foregoing criteria.

Views of Responsible Officials: The City of Arlington, Georgia agrees with this finding and will continue to address the need for regular reviews of budget-actual comparisons of financial data for each City department and recommend amendments when necessary, whether the result of reallocating existing budgetary line items or incorporating the availability of additional resources not anticipated when the original budget was adopted.

2014-004 Comingled SPLOST Funds

Criteria: Local governments are required by law to keep the proceeds of the special purpose local option sales tax in a separate account and not commingle those funds with other funds of the local government prior to expenditure.

Condition: The City used proceeds of the 2007 SPLOST to pay for costs of the 2012 SPLOST.

Context: The amount of the error was $2,890.

Cause: The error appears to have been inadvertent as the City has 3 active SPLOST accounts as of June 30, 2014.

Recommendation: We recommend that the funds be transferred to correct the error.

Views of Responsible Officials: The City of Arlington, Georgia agrees with this finding and will transfer the funds to correct this error.