# CITY OF CAVE SPRING, GEORGIA

## FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CITY OF CAVE SPRING, GEORGIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

## TABLE OF CONTENTS


| | PAGE |
|---|---|
| **FINANCIAL SECTION** | |
| Basic Financial Statements: | |
| Independent Auditor's Report | 1 - 2 |
| Management's Discussion and Analysis (unaudited) | 3 - 10 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 13 |
| Statement of Activities | 14 - 15 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual - General Fund | 20 |
| Proprietary Funds: | |
| Statement of Net Position | 22 - 23 |
| Statement of Revenues, Expenses and Changes in Fund Position | 24 |
| Statement of Cash Flows | 25 - 26 |
| Notes to Basic Financial Statements | 27 - 50 |
| Required Supplementary and Other Financial Information: | |
| Combining and Individual Fund Statements and Schedules: | |
| Combining Financial Statements - Non Major Governmental Funds: | |
| Combining Balance Sheet | 52 - 53 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 54 - 55 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual: | |
| Capital Projects Fund – Special Purpose Local Option Sales Tax (SPLOST) | 58 |
| Special Revenue Fund – Hotel/Motel | 59 |
| Special Revenue Fund – Fire Department Funds | 60 |
| Special Revenue Fund – Grant Fund – DOT | 61 |
| Special Revenue Fund – Confiscated Property | 62 |
| Special Revenue Fund – Cemetery Perpetual Care Fund | 63 |
| Special Revenue Fund – Grant Fund - Trailway | 64 |
| Supplementary Individual Fund Financial Statements and Schedules - General Fund: | |
| Comparative Balance Sheets | 66 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | 67 |
| Schedule of Revenues - Budget to Actual | 68 |
| Schedule of Expenditures - Budget to Actual | 69- 70 |

**FINANCIAL SECTION - CONTINUED**


Required Supplementary and Other Financial Information - Continued:
Supplementary Individual Fund Financial Statements - Proprietary Funds:
Enterprise Funds:
Water and Sewer Fund:
Comparative Statements of Net Position 72
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position 73
Comparative Statements of Cash Flows 74 - 75
Child Care Fund:
Comparative Statements of Net Position 76
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position 77
Comparative Statements of Cash Flows 78 – 79
Component Unit:
Downtown Development Authority
Balance Sheet – General Fund 82
Reconciliation of the Governmental Funds Balance Sheet 83
Statement of Revenues, Expenditures, and Changes in Fund Balance 84
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balance of the General Fund 85
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual 86

Federal and State Compliance:
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* 88 – 89
Schedule of Expenditures of Federal Awards 90 – 91
Schedule of Expenditures of State Awards 92 - 93
Special Local Option Sales Tax :
Report on Special 1 Percent Sales and Use Tax 94
Schedule of Projects Constructed With Special Sales Tax Proceeds 95

# FINNEY & ASSOCIATES CPA'S, P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Cave Spring, 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 unit, each major fund, and the aggregate remaining fund information of City of Cave Spring, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 evaluation 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 unit,



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each major fund, and the aggregate remaining fund information of the City of Cave Spring, Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows, as well as the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

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

*Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cave Spring, Georgia's basic financial statements. The combining and individual major and non-major fund financial statements, as well as the schedule of expenditures of Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and non-major fund financial statements and the schedules of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated November 28, 2013, on our consideration of the City of Cave Spring, 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* and should be considered in assessing the results of our audit.

Finney & Associates CPAs, P.C.

Rome, Georgia
November 28, 2013

**OF CAVE SPRING, GEORGIA**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**YEAR ENDED JUNE 30, 2013**
**(Unaudited)**

Our discussion and analysis of the City of Cave Spring's financial performance provides an overview of the City's financial activities for the year ended June 30, 2013. Please read it in conjunction with the City's financial statements, which begin on page 11.

## FINANCIAL HIGHLIGHTS

1. The City made improvements to its water and sewer department at a cost of $23,983. Water and sewer charges for revenue increased by $84,047 primarily through charges to customers and a major contract for water to be provided to another entity. Water and Sewer expenses decreased by $41,163 before depreciation and interest. Interest expense decreased by $16,472 and depreciation increased by $1,702.

2. The City's general fund experienced an overall decrease in revenue of $5,472. Expenditures decreased $56,245 primarily as a result of a decrease in streets and maintenance expenditures.

3. The Child Care Center revenues decreased by $16,340 due to a decrease in revenues from both state and federal payments for services and fees paid by guardians. Expenses decreased by $22,670 before depreciation. Net Assets decreased by $16,306. There were no capital expenditures in 2013.

4. The City's Downtown Development Authority revenue of $34,757 was collected and expenditures of $32,685 were paid by the DDA and are included as a component unit. Payments of $10,200 were made on the principal of the long-term debt from the purchase of the building in 2011.

5. Included in the special revenue fund expenditures were the balance of payments for a walking path project (financed by Georgia DOT for ($43,309). The walking path project was not completed by year end. Included in other revenue as operating grants are funds received Floyd County/DOT ($10,452).

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13-15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

## Reporting the City as a Whole

### The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets--the difference between assets and liabilities--as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's business licenses and taxes and the condition of the City's streets and roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

> **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and library. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
>
> **Business-type activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer and child care funds are reported here.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

Our analysis of the City's major funds begins on page 7. The fund financial statements begin on page 16 and provide detailed information about the most significant funds -- not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like special revenue) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Georgia Department of Community Affairs). The City's two kinds of funds -- governmental and proprietary -- use different accounting approaches.

> **Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of

## Fund Financial Statements - Continued

### Governmental Funds – Continued

the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

**Proprietary Funds** - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

## The City as a Whole

For the years ended June 30, 2013 and 2012, net assets and changes in net assets were as follows:

The major infrastructures (roads, streets, and bridges) that the City owns or is responsible for maintaining have not been included in the capital assets or net assets of the City. These will be evaluated each year and recorded in compliance with GASB 34.

**Table 1**
**Net Assets**

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Govern-mental Activities | Business-Type Activities | Total | Govern-mental Activities | Business-Type Activities | Total |
| Current and Other Assets | $ 879,055 | $ 950,521 | $ 1,829,576 | $ 867,261 | $ 952,292 | $ 1,819,553 |
| Capital Assets | 2,655,207 | 10,999,783 | 13,654,990 | 2,733,950 | 11,282,107 | 14,016,057 |
| Total Assets | $ 3,534,262 | $ 11,950,304 | $ 15,484,566 | $ 3,601,211 | $ 12,234,399 | $ 15,835,610 |
| Long-term Debt Outstanding | $ 206,906 | $ 5,362,064 | $ 5,568,970 | $ 219,336 | $ 5,680,248 | $ 5,899,584 |
| Other Liabilities | 34,665 | 199,659 | 234,324 | 73,997 | 235,488 | 309,485 |
| Total liabilities | $ 241,571 | $ 5,561,723 | $ 5,803,294 | $ 293,333 | $ 5,915,736 | $ 6,209,069 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Debt | $ 2,448,301 | $ 5,582,971 | $ 8,031,272 | $ 2,514,614 | $ 5,552,203 | $ 8,066,817 |
| Restricted | 0 | 194,294 | 194,294 | 0 | 190,943 | 190,943 |
| Unrestricted | 844,390 | 611,316 | 1,455,706 | 793,264 | 575,517 | 1,368,781 |
| Total Net Assets | $ 3,292,691 | $ 6,388,581 | $ 9,681,272 | $ 3,307,878 | $ 6,318,663 | $ 9,626,541 |

## The City as a Whole – Continued

Table 2
Changes in Net Assets

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Govern-mental Activities | Business-Type Activities | Total | Govern-mental Activities | Business-Type Activities | Total |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 178,794 | $ 1,172,772 | $ 1,351,566 | $ 183,612 | $ 1,211,849 | $ 1,395,461 |
| Operating and Capital Grants | 139,506 | 54,531 | 194,037 | 178,350 | 57,578 | 235,928 |
| General Revenues: | | | | | | |
| Sales Tax | 258,284 | 0 | 258,284 | 274,015 | 0 | 274,015 |
| Franchise and Other Taxes | 172,397 | 0 | 172,397 | 177,572 | 0 | 177,572 |
| Other Revenues | 8,660 | 3,853 | 12,513 | (4,290) | 2,951 | (1,339) |
| Total Revenues | $ 757,641 | $ 1,231,156 | $ 1,988,797 | $ 809,259 | $ 1,272,378 | $ 2,081,637 |
| Program Expenditures: | | | | | | |
| General Government | $ 126,418 | $ 0 | $ 126,418 | $ 131,797 | $ 0 | $ 131,797 |
| Public Safety | 395,555 | 0 | 395,555 | 408,845 | 0 | 408,845 |
| Streets and Maintenance | 138,487 | 0 | 138,487 | 160,302 | 0 | 160,302 |
| Culture and Recreation | 112,931 | 0 | 112,931 | 126,719 | 0 | 126,719 |
| Water and Sewer | 0 | 1,010,446 | 1,010,446 | 0 | 1,066,361 | 1,066,361 |
| Day Care Center | 0 | 150,229 | 150,229 | 0 | 172,899 | 172,899 |
| Total Program Expenditures | $ 773,391 | $ 1,160,675 | $ 1,934,066 | $ 827,663 | $ 1,239,260 | $ 2,066,923 |
| Excess (deficiency) before Special and Extraordinary Items and Transfers | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Transfers in (out) | 563 | (563) | 0 | 848 | (848) | 0 |
| Increase (Decrease) in Net Assets | $ (15,187) | $ 69,918 | $ 54,731 | $ (17,556) | $ 32,270 | $ 14,714 |
| Net Assets - Beginning | 3,307,878 | 6,318,663 | 9,626,541 | 3,325,434 | 6,286,393 | 9,611,827 |
| Net Assets - Ending | $ 3,292,691 | $ 6,388,581 | $ 9,681,272 | $ 3,307,878 | $ 6,318,663 | $ 9,626,541 |

### Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

## Governmental Activities - Continued

Some of the individual line item revenues reported for each function are:

**Table 3**
**Governmental Activities**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General Government and Other | $ 239,349 | $ (169,572) | $ 259,338 | $ (162,226) |
| Police Department | 211,224 | (197,020) | 247,215 | (214,492) |
| Fire Department | 184,064 | (28,923) | 160,808 | (16,015) |
| Streets and Maintenance | 138,754 | (59,576) | 160,302 | (72,968) |
| Total | $ 773,391 | $ (455,091) | $ 827,663 | $ (465,701) |

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose, except SPLOST or project funds.

## Business-type Activities

Revenues of the City's business-type activities (see Table 2) decreased by $42,124, and expenses before depreciation and interest decreased by $63,853. Major causes of these changes were as follows:

**Table 4**
**Business-Type Activities**

| | Increase(Decrease) | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | | 2012 | | |
| | Water & Sewer | Child Care | Net | Water & Sewer | Child Care | Net |
| Revenue: | | | | | | |
| Operating | $ (25,784) | $ (13,293) | $ (39,077) | $ 108,165 | $ (32,068) | $ 76,097 |
| Contributions and Grants | 0 | (3,047) | (3,047) | 0 | (14,792) | (14,792) |
| Net | $ (25,784) | $ (16,340) | $ (42,124) | $ 108,165 | $ (46,860) | $ 61,305 |
| Expenses: | | | | | | |
| Operating - Less Depreciation | $ (41,163) | $ (22,670) | $ (63,833) | $ 1,472 | $ (47,817) | $ (46,345) |
| Depreciation | 1,720 | 0 | 1,720 | 86,298 | (1,133) | 85,165 |
| Net | $ (39,443) | $ (22,670) | $ (62,113) | $ 87,770 | $ (48,950) | $ 38,820 |

## Business Activities - continued

A summary of activities follows in Table 5.

**Table 5**
**Summary of Revenue and Expenses**
**Business-type Activities**

| | Water and Sewer | | Child Care | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | |
| Charges and Fees | $ 1,093,380 | $ 1,119,164 | $ 79,392 | $ 92,685 |
| Other Revenues and Grants | 3,853 | 2,951 | 54,531 | 57,578 |
| Total Revenues | $ 1,097,233 | $ 1,122,115 | $ 133,923 | $ 150,263 |
| Expenses: | | | | |
| Operating Expenses Excluding Depreciation | $ 520,508 | $ 561,671 | $ 136,879 | $ 159,549 |
| Depreciation | 304,521 | 302,801 | 13,350 | 13,350 |
| Interest Expense | 185,417 | 201,889 | 0 | 0 |
| Total Expenses | $ 1,010,446 | $ 1,066,361 | $ 150,229 | $ 172,899 |
| Income (Loss) before Transfer | $ 86,787 | $ 55,754 | $ (16,306) | $ (22,636) |
| Transfer -In | (563) | (848) | 0 | 0 |
| Change in Net Assets | $ 86,224 | $ 54,906 | $ (16,306) | $ (22,636) |

## The City's Funds

As the City completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of $841,618 which is above last year's total of $790,493.

The City receives payments from the County government as reimbursement for operations of the fire department. The amount received in 2013 and 2012 was $85,745 and $82,872, respectively.

## General Fund Budgetary Highlights

The City Council revised the City budget by approving several increases and decreases in departmental line items to prevent budget overruns.

The actual charges (expenditures) were $96,121 under the final budget amounts. The most significant variance occurred in the City's Street and Maintenance ($36,855 under budget).

Resources available for expenses were $54,496 under the final budgeted amount.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013 the City had $13.65 million invested in a broad range of capital assets, including police and fire equipment, buildings, and water and sewer lines. (See Table 6 below). This amount does not include infrastructure of the governmental activities. See note 3 for additional information.

**Table 6**
**Capital Assets at Year-End**
**(Net of Depreciation)**

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Govern-mental Activities | Business-Type Activities | Totals | Govern-mental Activities | Business-Type Activities | Totals |
| Land | $ 184,190 | $ 18,000 | $ 202,190 | $ 184,190 | $ 18,000 | $ 202,190 |
| Buildings and Improvements | 2,132,449 | 370,472 | 2,502,921 | 2,188,064 | 383,775 | 2,571,839 |
| Equipment | 338,569 | 103,028 | 441,597 | 361,696 | 121,689 | 483,385 |
| Infrastructure | 0 | 10,508,285 | 10,508,285 | 0 | 10,758,643 | 10,758,643 |
| Construction in Progress | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | $ 2,655,208 | $ 10,999,785 | $ 13,654,993 | $ 2,733,950 | $ 11,282,107 | $ 14,016,057 |

### Debt

At year-end, the City had $5.653 million in bonds and notes outstanding versus $5.978 million last year as shown in Table 7. See notes 4 and 5 for additional information.

**Table 7**
**Outstanding Debt at Year-end**

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Govern-mental Activities | Business-Type Activities | Totals | Govern-mental Activities | Business-Type Activities | Totals |
| Revenue bonds secured by revenues of the water and sewer system | $ 0 | $ 808,410 | $ 808,410 | $ 0 | $ 886,478 | $ 886,478 |
| Note payable to GEFA secured by infracture of the system | 0 | 4,600,726 | 4,600,726 | 0 | 4,821,175 | 4,821,175 |
| Accounts and notes payable applicable to projects secured by infracture | 0 | 0 | 0 | 0 | 0 | 0 |
| Leases payable for equipment secured by equipment | 25,039 | 37,928 | 62,967 | 37,469 | 52,595 | 90,064 |
| Other Long-Term Debt | 181,167 | 0 | 181,167 | 181,167 | 0 | 181,167 |
| Total | $ 206,206 | $ 5,447,064 | $ 5,653,270 | $ 218,636 | $ 5,760,248 | $ 5,978,884 |

**Economic Factors and Next Year's Budgets and Rates**

The City of Cave Spring is a small rural town. The population has remained constant with very little or no growth. The City has historical significance to the area as well as for the state. Most employed residents work outside the City in various County businesses.

Although the sewer project that was mandated by federal and state EPA authorities has been completed, there continues to be needed improvements to the water system. The City does have an abundance of water through its spring. The City has contracted to sell water to a nearby governmental entity.

The City approved a one cent special purpose local option sales tax on November 7, 2006 with collections beginning April 1, 2007 and continuing for thirteen (13) quarters. The proceeds were used for fire station facilities and equipment ($1,200,000) and restoration to the Senior and Community Center facility ($850,000). These contracts were completed in 2011. During the construction, the County advances exceeded actual taxes. The excess in the amount of $181,867 has been agreed upon by the City and the County. The amount should have been recorded as a liability in 2011. A prior period adjustment has been made to reflect the liability in the government statement of Net Assets and a reduction in the Net Assets. There is no required schedule of payments to reimburse the County and there is no interest rate applied.

The City started a Downtown Development Authority in 2007. The City will contribute financially to the Authority as needed for its operating expenses. The DDA activity not paid from General Fund resources are shown as a component unit of the City.

Other than the above, projected budgets will remain about the same.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 10 Georgia Avenue, Cave Spring, Georgia.

Robert Ware, Mayor
City of Cave Spring, Georgia

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-wide Financial Statements:

Government-wide Statement of Net Position

Government-wide Statement of Activities

Fund Financial Statements:

Governmental Funds

Proprietary (Enterprise) Funds

CITY OF CAVE SPRING, GEORGIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | |
| **Assets** | | | | |
| Cash and Cash Investments | $ 733,249 | $ 255,156 | $ 988,405 | $ 6,663 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Taxes | 39,005 | 0 | 39,005 | 0 |
| Accounts | 47,785 | 180,912 | 228,697 | 0 |
| Other | 18,821 | 0 | 18,821 | 0 |
| Internal Balances | 26,287 | (26,287) | 0 | 0 |
| Due from Other Governments | 0 | 1,315 | 1,315 | 0 |
| Prepaid Items | 13,908 | 8,355 | 22,263 | 0 |
| Restricted Assets: | | | | |
| Cash and Cash Investments | 0 | 285,373 | 285,373 | 0 |
| Long-term Receivable | 0 | 103,254 | 103,254 | |
| Deferred Charges | 0 | 142,443 | 142,443 | 0 |
| Capital Assets: | | | | |
| Buildings | $ 3,181,544 | $ 541,112 | $ 3,722,656 | $ 62,406 |
| Equipment | 751,138 | 392,713 | 1,143,851 | 0 |
| Improvements | 35,310 | 0 | 35,310 | 0 |
| Infrastructive | 0 | 12,602,401 | 12,602,401 | 0 |
| Accumulated Depreciation | (1,496,975) | (2,554,443) | (4,051,418) | (3,566) |
| Net of Depreciation | $ 2,471,017 | $ 10,981,783 | $ 13,452,800 | $ 58,840 |
| Construction in Process | $ 0 | $ 0 | $ 0 | $ 0 |
| Land | 184,190 | 18,000 | 202,190 | 0 |
| Total Assets | $ 3,534,262 | $ 11,950,304 | $ 15,484,566 | $ 65,503 |
| **Liabilities** | | | | |
| Accounts Payable | $ 24,828 | $ 28,726 | $ 53,554 | $ 0 |
| Accrued Expenses | 2,332 | 25,106 | 27,438 | 0 |
| Due to Other Governments | 7,505 | 0 | 7,505 | 0 |
| Payable from Restricted Assets: | | | 0 | 0 |
| Deposits | 0 | 54,036 | 54,036 | 0 |
| Current Portion of Long-term Debt | 0 | 85,000 | 85,000 | 0 |
| Accrued Interest | 0 | 6,791 | 6,791 | 0 |
| Non-Current Liabilities: | | | 0 | 0 |
| Due Within One Year | 13,334 | 239,302 | 252,636 | 5,000 |
| Due In More Than One Year | 11,705 | 5,122,762 | 5,134,467 | 25,600 |
| Due to Other Governments | 181,867 | 0 | 181,867 | 0 |
| Total Liabilities | $ 241,571 | $ 5,561,723 | $ 5,803,294 | $ 30,600 |
| **Net Position** | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 2,448,301 | $ 5,582,971 | $ 8,031,272 | $ 28,240 |
| Restricted for: | | | | |
| Debt Service | 0 | 194,294 | 194,294 | 0 |
| Unrestricted | 844,390 | 611,316 | 1,455,706 | 6,663 |
| Total Net Position | $ 3,292,691 | $ 6,388,581 | $ 9,681,272 | $ 34,903 |

**See accompanying notes to the basic financial statements.**

CITY OF CAVE SPRING, GEORGIA
GOVERNMENT - WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| Functions/Programs | Expenses | Program Revenues: Fees, Fines & Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | $ 126,418 | $ 17,363 | $ 0 | $ 0 |
| Public Safety | 394,726 | 83,600 | 85,745 | 0 |
| Streets and Maintenance | 138,487 | 68,726 | 10,452 | 0 |
| Culture and Recreation | 112,931 | 9,105 | 0 | 43,309 |
| Interest on Long-term Debt | 829 | 0 | 0 | 0 |
| Total Governmental Activities | $ 773,391 | $ 178,794 | $ 96,197 | $ 43,309 |
| Business-type Activities: | | | | |
| Water and Sewer | $ 1,010,446 | $ 1,093,380 | $ 0 | $ 0 |
| Day Care Center | 150,229 | 79,392 | 54,531 | 0 |
| Total Business-type Activities | $ 1,160,675 | $ 1,172,772 | $ 54,531 | $ 0 |
| Total Primary Government | $ 1,934,066 | $ 1,351,566 | $ 150,728 | $ 43,309 |
| Component Unit: | | | | |
| Culture and Recreation | $ 24,268 | $ 34,757 | $ 0 | $ 0 |

General Revenues:
Taxes:
Sales Taxes - General
Other Taxes
Franchise Taxes
Unrestricted Investment Earnings
Miscellaneous
Total General Revenues
Transfers
Total General Revenues, Special items and Transfers
Change in Net Position
Net Position - Beginning
Prior Year Adjustments - Note 21
Adjusted Net Position - Beginning
Net Position - Ending

**See accompanying notes to the basic financial statements.**

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|---|---|---|
| Governmental Activities | Business-type Activities | Total | Component Unit |
| $ (109,055) | $ 0 | $ (109,055) | |
| (225,381) | 0 | (225,381) | |
| (59,309) | 0 | (59,309) | |
| (60,517) | 0 | (60,517) | |
| (829) | 0 | (829) | |
| $ (455,091) | $ 0 | $ (455,091) | |
| $ 0 | $ 82,934 | $ 82,934 | |
| 0 | (16,306) | (16,306) | |
| $ 0 | $ 66,628 | $ 66,628 | |
| $ (455,091) | $ 66,628 | $ (388,463) | |
| | | | $ 10,489 |
| $ 258,284 | $ 0 | $ 258,284 | $ 0 |
| 27,439 | 0 | 27,439 | 0 |
| 144,958 | 0 | 144,958 | 0 |
| 445 | 3,853 | 4,298 | 0 |
| 8,215 | 0 | 8,215 | 0 |
| $ 439,341 | $ 3,853 | $ 443,194 | $ 0 |
| 563 | (563) | 0 | 0 |
| $ 439,904 | $ 3,290 | $ 443,194 | $ 0 |
| $ (15,187) | $ 69,918 | $ 54,731 | $ 10,489 |
| $ 3,489,745 | $ 6,318,663 | $ 9,808,408 | $ 24,414 |
| (181,867) | 0 | (181,867) | 0 |
| $ 3,307,878 | $ 6,318,663 | $ 9,626,541 | $ 24,414 |
| $ 3,292,691 | $ 6,388,581 | $ 9,681,272 | $ 34,903 |

CITY OF CAVE SPRING, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash and Cash Investments | $ 654,103 | $ 79,146 | $ 733,249 |
| Receivables (Net of Allowance for Doubtful Assets): | | | |
| Other Taxes | 38,569 | 436 | 39,005 |
| Accounts | 47,785 | 0 | 47,785 |
| Other | 18,821 | 0 | 18,821 |
| Prepaid Expenses | 13,908 | 0 | 13,908 |
| Internal Balances | 56,594 | 0 | 56,594 |
| Total Assets | $ 829,780 | $ 79,582 | $ 909,362 |
| **Liabilities and Fund Balance** | | | |
| Liabilities: | | | |
| Accounts Payable | $ 24,829 | $ 0 | $ 24,829 |
| Accrued Expenses | 2,332 | 0 | 2,332 |
| Internal Balances | 30,305 | 2 | 30,307 |
| Due to Other Governments | 7,505 | 0 | 7,505 |
| Deferred Revenue | 2,771 | 0 | 2,771 |
| Total Liabilities | $ 67,742 | $ 2 | $ 67,744 |
| Fund Balances: | | | |
| Nonspendable Funds - Prepaid Expenses | $ 13,908 | $ 0 | $ 13,908 |
| Restricted Funds - Grant Funds | 0 | 10,452 | 10,452 |
| Assigned Funds - Other Special Revenue Funds | 0 | 69,128 | 69,128 |
| Unassigned Funds - General Fund | 748,130 | 0 | 748,130 |
| Total Fund Balances | $ 762,038 | $ 79,580 | $ 841,618 |
| Total Liabilities and Fund Balances | $ 829,780 | $ 79,582 | $ 909,362 |

**See accompanying notes to the basic financial statements.**

**CITY OF CAVE SPRING, GEORGIA**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**
**TO THE STATEMENT OF NET ASSETS**
**JUNE 30, 2013**

| | | |
|---|---|---|
| Total Fund Balance - Total Governmental Funds | $ | 841,618 |
| Amounts Reported for Governmental Activities in the Statements of Net Assets are different because: | | |
| Capital Assets used in governmental activities are not current financial resources, and therefore, not reported in the governmental funds balance sheet. | | 2,655,208 |
| Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds balance sheet. | | |
| Due within one year | | (13,334) |
| Due in more than one year | | (11,705) |
| Due to Other governments - Long-Term | | (181,867) |
| Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds: | | |
| Long-term receivables for deferred revenue | | 2,771 |
| Net Position of Governmental Activities | $ | 3,292,691 |

**See accompanying notes to basic financial statements.**

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Revenues: | | | |
| Taxes: | | | |
| Sales | $ 258,284 | $ 0 | $ 258,284 |
| Franchise and Insurance | 168,938 | 3,459 | 172,397 |
| Licenses and Permits | 13,868 | 0 | 13,868 |
| Intergovernmental Revenues | 85,745 | 53,761 | 139,506 |
| Charges for Services | 150,722 | 0 | 150,722 |
| Fines and Forfeitures | 14,204 | 0 | 14,204 |
| Investment Income | 445 | 0 | 445 |
| Miscellaneous | 7,098 | 1,117 | 8,215 |
| Total Revenue | $ 699,304 | $ 58,337 | $ 757,641 |
| Expenditures: | | | |
| Current: | | | |
| General Government | $ 101,503 | $ 5,391 | $ 106,894 |
| Public Safety | 368,683 | 0 | 368,683 |
| Streets and Maintenance | 136,745 | 0 | 136,745 |
| Culture and Recreation | 51,448 | 43,309 | 94,757 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest Charges | 0 | 0 | 0 |
| Non-Current: | | | |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | $ 658,379 | $ 48,700 | $ 707,079 |
| Net Change in Fund Balance | $ 40,925 | $ 9,637 | $ 50,562 |
| Other Financing Sources (Uses): | | | |
| Proceeds from Long-term Leases | $ 0 | $ 0 | $ 0 |
| Reimbursement to Other Governments | 0 | 0 | 0 |
| Sale of Assets | 0 | 0 | 0 |
| Transfers In (Out) | 289 | 274 | 563 |
| Total Other Financing Sources (Uses) | $ 289 | $ 274 | $ 563 |
| Net Change in Fund Balance & Other Sources (Uses): | $ 41,214 | $ 9,911 | $ 51,125 |
| Fund Balance at Beginning of Year | 720,824 | 69,669 | 790,493 |
| Fund Balance at End of Year | $ 762,038 | $ 79,580 | $ 841,618 |

**See accompanying notes to the basic financial statements.**

**CITY OF CAVE SPRING, GEORGIA**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2013**

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ | 51,125 |
| Amounts Reported for Governmental Activities in Statement of Activities are Different Because: | | |
| Governmental funds report capital outlay as expenditures. However, in the goverment-wide statement of activities and changes in net assets, the cost of those assests is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | | 0 |
| Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. | | (78,742) |
| The issuance of capital leases payable provides current financial resources to governmental funds, while the repayment of the principal of long-term debts consumers the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | 12,430 |
| Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. | | 0 |
| Some fines and forfeitures will not be collected for several months after the City's fiscal year end. They are not considered available revenues in the governmental funds. | | 0 |
| Change in net Position of governmental activities | $ | (15,187) |

**See accompanying notes to basic financial statements.**

**CITY OF CAVE SPRING, GEORGIA**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCE**
**BUDGET (GAAP BASIS) AND ACTUAL**
**YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| REVENUES: | | | | |
| Taxes | $ 457,700 | $ 457,700 | $ 427,222 | $ (30,478) |
| Licenses and Permits | 15,000 | 15,000 | 13,868 | (1,132) |
| Grants and Receipts from Other Governments | 85,700 | 85,700 | 85,745 | 45 |
| Charges for Services | 154,000 | 154,000 | 150,722 | (3,278) |
| Fines and Forfeits | 32,000 | 32,000 | 14,204 | (17,796) |
| Interest | 900 | 900 | 445 | (455) |
| Other | 8,500 | 8,500 | 7,098 | (1,402) |
| TOTAL REVENUES | $ 753,800 | $ 753,800 | $ 699,304 | $ (54,496) |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| General Government | $ 123,000 | $ 120,500 | $ 101,503 | $ 18,997 |
| Public Safety | 394,800 | 394,800 | 368,683 | 26,117 |
| Streets and Maintenance | 173,600 | 173,600 | 136,745 | 36,855 |
| Culture and Recreation | 65,600 | 65,600 | 51,448 | 14,152 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 757,000 | $ 754,500 | $ 658,379 | $ 96,121 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | $ (3,200) | $ (700) | $ 40,925 | $ 41,625 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from Long-term Lease Obligations | $ 0 | $ 0 | $ 0 | $ 0 |
| Reimbursements to Other Governments | 0 | 0 | 0 | 0 |
| Sale of Assets | 2,000 | 2,000 | 0 | (2,000) |
| Transfers In/(Out) | 800 | 800 | 289 | (511) |
| TOTAL OTHER FINANCING SOURCES (USES) | $ 2,800 | $ 2,800 | $ 289 | $ (2,511) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | $ (400) | $ 2,100 | $ 41,214 | $ 39,114 |
| FUND BALANCE, JULY 1 - ADJUSTED | 720,824 | 720,824 | 720,824 | 0 |
| FUND BALANCE, JUNE 30 | $ 720,424 | $ 722,924 | $ 762,038 | $ 39,114 |

**See accompanying notes to the basic financial statements.**

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CITY OF CAVE SPRING, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

| ASSETS | WATER AND SEWER FUND | CHILD CARE FUND | TOTAL |
|---|---|---|---|
| CURRENT ASSETS: | | | |
| Cash and Cash Investments | $ 255,156 | $ 0 | $ 255,156 |
| Due from Other Governments | 0 | 1,315 | 1,315 |
| Current Maturity of Long-term Receivable | 4,265 | 0 | 4,265 |
| Accounts Receivable | 201,130 | 5,247 | 206,377 |
| Allowance for Doubtful Accounts | (25,465) | 0 | (25,465) |
| Due from Other Funds | 30,305 | 0 | 30,305 |
| Prepaid Expenses | 7,378 | 977 | 8,355 |
| TOTAL CURRENT ASSETS | $ 472,769 | $ 7,539 | $ 480,308 |
| RESTRICTED ASSETS - CURRENT: | | | |
| Sinking and Reserve Funds - Cash | $ 201,085 | $ 0 | $ 201,085 |
| Construction Fund - Cash | 30,252 | 0 | 30,252 |
| Customer Deposits - Cash | 54,036 | 0 | 54,036 |
| TOTAL RESTRICTED ASSETS - CURRENT | $ 285,373 | $ 0 | $ 285,373 |
| NON-CURRENT ASSETS: | | | |
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Land/Right of Ways | $ 18,000 | $ 0 | $ 18,000 |
| Plant Under Construction | $ 0 | $ 0 | $ 0 |
| Buildings | 0 | 541,112 | 541,112 |
| Improvements Other than Buildings | 12,602,401 | 0 | 12,602,401 |
| Machinery and Equipment | 363,672 | 29,041 | 392,713 |
| Total at Cost before Depreciation | $ 12,966,073 | $ 570,153 | $ 13,536,226 |
| Less Accumulated Depreciation | 2,354,975 | 199,468 | 2,554,443 |
| NET PROPERTY, PLANT AND EQUIPMENT | $ 10,611,098 | $ 370,685 | $ 10,981,783 |
| OTHER ASSETS: | | | |
| Bond Issuance Cost - Net of Amortization | 142,443 | 0 | 142,443 |
| Long-term Receivable | 98,989 | 0 | 98,989 |
| TOTAL NONCURRENT ASSETS | $ 10,870,530 | $ 370,685 | $ 11,241,215 |
| TOTAL ASSETS | $ 11,628,672 | $ 378,224 | $ 12,006,896 |

**See accompanying notes to the basic financial statements.**

| LIABILITIES | WATER AND SEWER FUND | CHILD CARE FUND | TOTAL |
|---|---|---|---|
| Current Liabilities: | | | |
| Notes Payable | $ 227,203 | $ 0 | $ 227,203 |
| Accounts Payable | 26,544 | 2,182 | 28,726 |
| Lease Payable | 12,099 | 0 | 12,099 |
| Accrued Expenses | 20,074 | 5,032 | 25,106 |
| Due to Other Funds | 0 | 56,592 | 56,592 |
| Total Current Liabilities Payable from Unrestricted Assets | $ 285,920 | $ 63,806 | $ 349,726 |
| Current Liabilities Payable from Restricted Assets: | | | |
| Accounts Payable and Accrued Revenue Bond Interest | $ 6,791 | $ 0 | $ 6,791 |
| Current Maturities of Revenue Bonds | 85,000 | 0 | 85,000 |
| Customer Deposits | 54,036 | 0 | 54,036 |
| Total Current Liabilities Payable from Restricted Assets | $ 145,827 | $ 0 | $ 145,827 |
| Long-term Liabilities: | | | |
| Revenue Bonds Payable net of Current Maturities | $ 723,410 | $ 0 | $ 723,410 |
| Note Payable - Net of Current Maturities | 4,373,523 | 0 | 4,373,523 |
| Accounts & Notes Payable - Projects | 0 | 0 | 0 |
| Leases Payable Net of Current Maturities | 25,829 | 0 | 25,829 |
| Total Long-term Liabilities | $ 5,122,762 | $ 0 | $ 5,122,762 |
| TOTAL LIABILITIES | $ 5,554,509 | $ 63,806 | $ 5,618,315 |
| **NET POSITION** | | | |
| Invested in Capital Assets - Net of Related Debt | $ 5,212,286 | $ 370,685 | $ 5,582,971 |
| Restricted for: | | | |
| Bond Debt Service | 194,294 | 0 | 194,294 |
| Construction | 0 | 0 | 0 |
| Deposits | 0 | 0 | 0 |
| Unrestricted | 667,583 | (56,267) | 611,316 |
| TOTAL NET POSITION | $ 6,074,163 | $ 314,418 | $ 6,388,581 |

**See accompanying notes to the basic financial statements.**

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

| | Water and Sewer | Child Care Fund | Total |
|---|---|---|---|
| OPERATING REVENUES: | | | |
| Charges and Fees (Revenues Securing Debt) | $ 1,090,591 | $ 0 | $ 1,090,591 |
| Charges and Fees | 0 | 79,026 | 79,026 |
| Other Revenue | 2,789 | 366 | 3,155 |
| TOTAL OPERATING REVENUES | $ 1,093,380 | $ 79,392 | $ 1,172,772 |
| OPERATING EXPENSES: | | | |
| Personnel Services | $ 268,394 | $ 102,922 | $ 371,316 |
| Purchase of Services | 56,444 | 5,086 | 61,530 |
| Materials and Supplies | 113,649 | 18,571 | 132,220 |
| Depreciation and Amortization | 304,521 | 13,350 | 317,871 |
| Utilities | 82,022 | 10,299 | 92,321 |
| TOTAL OPERATING EXPENSES | $ 825,030 | $ 150,228 | $ 975,258 |
| OPERATING INCOME (LOSS) | $ 268,350 | $ (70,836) | $ 197,514 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Interest Income | $ 3,853 | $ 0 | $ 3,853 |
| Debt Service - Interest Expense | (185,417) | 0 | (185,417) |
| Disposal of Assets | 0 | 0 | 0 |
| Grant - United Way | 0 | 25,284 | 25,284 |
| Grants: | | | |
| Federal | 0 | 15,586 | 15,586 |
| State Reimbursements for Services | 0 | 13,661 | 13,661 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | $ (181,564) | $ 54,531 | $ (127,033) |
| INCOME (LOSS) BEFORE TRANSFERS | $ 86,786 | $ (16,305) | $ 70,481 |
| TRANSFERS IN/(OUT) | (563) | 0 | (563) |
| CHANGE IN NET POSITION | $ 86,223 | $ (16,305) | $ 69,918 |
| NET POSITION - JULY 1 | 5,987,940 | 330,723 | 6,318,663 |
| NET POSITION - JUNE 30 | $ 6,074,163 | $ 314,418 | $ 6,388,581 |

**See accompanying to notes to the basic financial statements.**

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

| | Business - Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Child Care Fund | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | $ 1,074,876 | $ 80,633 | $ 1,155,509 |
| Cash payments to supplies for goods and services | (242,536) | (33,547) | (276,083) |
| Cash payments to employees for services | (268,393) | (106,972) | (375,365) |
| Cash payments (to) from other funds | (25,575) | 4,656 | (20,919) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ 538,372 | $ (55,230) | $ 483,142 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | |
| Transfers - in(out) | $ (563) | $ 0 | $ (563) |
| Grants and Contributions | 0 | 55,230 | 55,230 |
| NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | $ (563) | $ 55,230 | $ 54,667 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Aquisition and construction of capital assets | $ (23,983) | $ 0 | $ (23,983) |
| Loan Cost | 0 | 0 | 0 |
| Sale of Equipment | 0 | 0 | 0 |
| Note Proceeds | 0 | 0 | 0 |
| Increase (Decrease) in Construction Debt | 0 | 0 | 0 |
| Reduction of Bond Debt Principal - Net | (80,000) | 0 | (80,000) |
| Reduction of Note Payable Principal | (220,449) | 0 | (220,449) |
| Reduction of Accounts Payable for Equipment | 0 | 0 | 0 |
| Reduction of Lease Contracts - Principal | (14,667) | 0 | (14,667) |
| Interest Paid on Bonds and Notes | (182,484) | 0 | (182,484) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | $ (521,583) | $ 0 | $ (521,583) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Long-term Receivable - Net | $ 4,139 | $ 0 | $ 4,139 |
| Interest or Cash and Cash Investments | 3,853 | 0 | 3,853 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | $ 7,992 | $ 0 | $ 7,992 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | $ 24,218 | $ 0 | $ 24,218 |
| CASH AND CASH EQUIVALENTS - JULY 1 | 516,311 | 0 | 516,311 |
| CASH AND CASH EQUIVALENTS - JUNE 30 | $ 540,529 | $ 0 | $ 540,529 |

**See accompanying notes to the basic financial statements.**

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

| | Business - Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Child Care Fund | Total |
| Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities: | | | |
| Income (Loss) from operations | $ 268,350 | $ (70,836) | $ 197,514 |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | | |
| Depreciation | 292,956 | 13,350 | 306,306 |
| Amortization | 11,565 | 0 | 11,565 |
| Allowance for doubtful accounts | 6,757 | 0 | 6,757 |
| Change in assests and liabilities: | | | 0 |
| (Increase) Decrease in Accounts Receivable | (25,260) | 1,241 | (24,019) |
| Increase (Decrease) in Accounts Payable | 11,262 | (3,586) | 7,676 |
| (Increase) Decrease in Prepaid Expense | (1,683) | (55) | (1,738) |
| (Increase) Decrease in Payment (to) from | | | 0 |
| Other Funds | (26,073) | 4,656 | (21,417) |
| Increase (Decrease) in Deposits | 498 | 0 | 498 |
| Net Cash Provided (Used) by Operating Activities | $ 538,372 | $ (55,230) | $ 483,142 |
| Reconciliation of Total Cash and Cash Investments: | | | |
| Current Assets - Cash and Cash Equivalents | $ 255,156 | $ 0 | $ 255,156 |
| Restricted Assets - Cash and Cash Equivalents | 285,373 | 0 | 285,373 |
| Total Cash and Cash Equivalents | $ 540,529 | $ 0 | $ 540,529 |
| Non - Cash Transaction: | | | |
| Purchase of Equipment | | | |
| Cost | $ 0 | $ 0 | $ 0 |
| Loan Proceeds | 0 | 0 | 0 |
| Net Cash Payment | $ 0 | $ 0 | $ 0 |

**See accompanying notes to the basic financial statements.**

# CITY OF CAVE SPRING, GEORGIA
# NOTES TO FINANCIAL STATEMENTS
# JUNE 30, 2013

## 1. Summary of Significant Accounting Policies

### A. General Statement

The City of Cave Spring, Georgia operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety, streets and maintenance, water-sewer, culture-recreation, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

### B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

the organization is legally separate (can sue and be sued in their own name)
the City holds the corporate powers of the organization
the City appoints a voting majority of the organization's board
the City is able to impose its will on the organization
the organization has the potential to impose a financial benefit/burden on the City
there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the Library, Rolater Park, Cave Spring Housing Authority and the Firemen's Wives Auxiliary are related organizations, but they did not meet the criteria for inclusion in these financial statements. All of these organizations operate independently of the City. At its discretion, the City contributes to the operations of the Library. The Downtown Development Authority (DDA) is a component unit of the City and is discretely presented in these financial statements. The DDA is audited with the City. No other financial statements are prepared. All financial information is available through the Clerk's office of the City.

## C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City of Cave Spring, Georgia. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separated funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statement; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund**

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through funds are paid from the General Fund. and liabilities are included on the Statement of Net Assets.

## C. Basis of Presentation - continued

The City has presented the following major proprietary funds:

### Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

### Child Care (Day Care) Fund

The Child Care Fund is used to account for the revenue and expenses relating to maintaining the child care (day care) program of the City. Activities of this fund include administration and child care services. The City charges for each child entering the program. Revenue is also received from United Way, United States Department of Agriculture Food Program and the Georgia Department of Family and Children Services.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting.

D. **Measurement Focus/Basis of Accounting - continued**

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service Expenditures, as well as expenditures related to compensate absences, are recorded only when payment is due.

The revenues susceptible to accrual are sales taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

E. **Budgetary Control**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to May 15, the Mayor submits to the City Council a proposed operating budget for the year commencing the following July 1. The operating budget identifies the proposed expenditures for each department.

B. After submission of the proposed budget, the City Council develops the City's budget. The City's budget includes proposed expenditures and the means of financing them.

C. The budget is published in the local newspaper two weeks prior to a public hearing.

D. A public hearing is conducted to obtain the citizen's comments.

E. The budget is formally adopted after the public hearing.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

Formal budgetary information is employed as a management control device during the year for the year for the General and Special Revenue Funds. Formal budgets are also adopted for the Water and Sewer and Child Care Funds. Budgets for the General and Special Revenue funds are adopted on the modified accrual or GAAP basis.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended. Unencumbered appropriations lapse at year end.

## E. Budgetary Control - continued

There were no material supplementary appropriations made during the year.

The actual results of operations as compared with the budget are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (GAAP Basis) and Actual General and Special Revenue Funds.

Transactions of the City's funds included the following:

A. The Water and Sewer Fund experienced an increase in net assets for the year of $86,224 net of depreciation of $304,521, which is not budgeted.

B. Street repairs and maintenance of $5,264 were financed by operations of the City and from the State of Georgia through Floyd County.

C. The Child Care Fund experienced a reduction of net assets of $16,306 of which $13,350 was deducted for depreciation. Depreciation is not a budgeted line item. The excess loss was funded from prior year accumulations of funds and general funds. The reduction was due to a decrease in funds from federal subsidies and guardians. The deficit unrestricted fund balance is covered by the general fund.

D. In the General Fund, revenue exceeded expenditures by $40,925 before leases and transfers.

## F. Cash and Investments

Cash of all funds, excluding restricted cash, and a certificate of deposit equal to the arbitrage liability, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. Balances incurred in pooled cash at year-end are treated as interfund receivables or payables of the General Fund and reciprocal fund.

Investments are limited to cash on deposit, certificates of deposits, money market accounts and similar federally insured accounts with maturity dates of three months or less. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. There were no marketable security investments.

## G. Prepaid Items

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

## H. Inventories

The inventories in the Proprietary Funds consist of supplies and are recorded at the lower of weighted average cost or market.

## I. Interfund Receivables and Payables

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

## J. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

## K. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. See Note 1-O for the deferral method of reporting infrastructure assets (roads, bridges, etc.) of the governmental activities funds.

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 20-50 Years |
| Water and Sewer System | 30-50 Years |
| Infrastructure | 20-35 Years |
| Machinery and Equipment | 5-10 Years |
| Improvements | 20 Years |

## L. Compensated Absences

City policy permits employees to accumulate annual and sick leave based on the years of employee service and such amounts are payable to the employee upon termination of employment. Accumulated annual and sick leave is accrued in Governmental Fund types to the extent that such amounts would normally be liquidated with expendable financial resources. The accumulated leave in Proprietary Fund Types is reflected in the funds financial statements on the accrual basis.

As of June 30, 2013, the General Fund, Water and Sewer Fund, and Child Care Fund were liable for $2,332, $6,451 and $4,144 in accumulated annual and sick leave, respectively.

## M. Nature and Purpose of Reservation and Designations of Fund Equity

Governmental fund balances are used as follows:

Nonspendable fund balance classification is used for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance is used when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance applies when amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The government's highest level of decision-making authority rests with the Mayor or Council.

Assigned fund balance applies when amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The body or official authorized to assign amounts to a specific purpose is the Mayor or Council.

The fund equity reserves for revenue bond retirement and construction, prepaid items and debt service are also discussed in notes 1G and 4, respectively.

## N. Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### O. Implementation of New Accounting Principles

The City elected to utilize the transition option for general infrastructure assets in the implementation of GASB Statement No. 34 (GASB 34), "Basic Financial Statements-Management's Discussion and Analysis - for State and Local Governments" and in fiscal year 2008 has not capitalized any major general infrastructure networks for roads, streets, and bridges. The City has not decided when it will begin phasing in the infrastructure. There were no additions to the general infrastructure assets in Fiscal Year 2009.

### P. Application of Restricted vs Unrestricted Resources

The City's policy for applying resources to expenses when either resource can be used is to apply restricted resources first followed by unrestricted.

## 2. DEPOSITS AND INVESTMENTS

Deposits consist of cash and short-term certificates of deposit and money market accounts. Interest earned on these investments ranges from 0.25% to 1.50%. Although the government has no custodial credit risk policy, the investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

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

Category 2: Collateralized with securities held by the counterparty's trust department or agent in the City's name.

Category 3: Uncollateralized including any bank balance that is collateralized with securities held by the counterparty or by its trust department or agent but not in the City's name. The market value of securities held by the custodian was $600,000 to secure the category 3 assets.

The City's deposits are classified as follows at June 30, 2013:

| | CATEGORY | | | BANK | CARRYING |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | BALANCE | AMOUNT |
| Primary Government | $ 814,205 | $ 0 | $ 465,619 | $ 1,279,824 | $ 1,273,629 |

The carrying amount for the reporting entity totaling $1,273,629 includes $285,373 grouped with restricted assets and excludes $149 in petty cash which is not held at financial institutions.

## 2. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

| | Balance July 1 | Additions | Retirements | Balance June 30 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital Assets not being depreciated: | | | | |
| Land | $ 184,190 | $ 0 | $ 0 | $ 184,190 |
| Construction in Process | 0 | 0 | 0 | 0 |
| Total | $ 184,190 | $ 0 | $ 0 | $ 184,190 |
| Capital Assets being depreciated: | | | | |
| Buildings | $ 3,181,544 | $ 0 | $ 0 | $ 3,181,544 |
| Equipment | 751,138 | 0 | 0 | 751,138 |
| Improvements | 35,310 | 0 | 0 | 35,310 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Total | $ 3,967,992 | $ 0 | $ 0 | $ 3,967,992 |
| Less Accumulated Depreciation: | | | | |
| Buildings | $ 1,020,034 | $ 54,496 | $ 0 | $ 1,074,530 |
| Equipment | 389,442 | 23,127 | 0 | 412,569 |
| Improvements | 8,756 | 1,120 | 0 | 9,876 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Total | $ 1,418,232 | $ 78,743 | $ 0 | $ 1,496,975 |
| Total capital asset being depreciated, net | $ 2,549,760 | $ (78,743) | $ 0 | $ 2,471,017 |
| Governmental Activities Capital Assets, Net | $ 2,733,950 | $ (78,743) | $ 0 | $ 2,655,207 |
| Business-type Activities | | | | |
| Capital Assets not being depreciated: | | | | |
| Land | $ 18,000 | $ 0 | $ 0 | $ 18,000 |
| Construction in Process | 0 | 0 | 0 | 0 |
| Capital Assets being depreciated: | | | | |
| Buildings | $ 541,112 | $ 0 | $ 0 | $ 541,112 |
| Equipment | 392,713 | 0 | 0 | 392,713 |
| Improvements | 0 | 0 | 0 | 0 |
| Infrastructure | 12,578,418 | 23,983 | 0 | 12,602,401 |
| Total | $ 13,512,243 | $ 23,983 | $ 0 | $ 13,536,226 |
| Less Accumulated Depreciation | | | | |
| Buildings | $ 157,337 | $ 13,304 | $ 0 | $ 170,641 |
| Equipment | 271,024 | 18,661 | 0 | 289,685 |
| Improvements | 0 | 0 | 0 | 0 |
| Infrastructure | 1,819,775 | 274,342 | 0 | 2,094,117 |
| Total | $ 2,248,136 | $ 306,307 | $ 0 | $ 2,554,443 |
| Total Capital Assets being depreciated, net | $ 11,264,107 | $ (282,324) | $ 0 | $ 10,981,783 |
| Business-type Activities Capital Assets, Net | $ 11,282,107 | $ (282,324) | $ 0 | $ 10,999,783 |

## 3. CAPITAL ASSETS - Continued

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

| | | Current |
|---|---|---|
| Governmental Activities: | | |
| General Government and Administration | $ | 19,524 |
| Public Safety | | 35,318 |
| Streets and Maintenance | | 5,726 |
| Library, Recreation, and Community Center | | 18,175 |
| Total Depreciation Expense - Governmental Activities | $ | 78,743 |
| | | |
| Business-type Activities: | | |
| Water and Sewer | $ | 292,957 |
| Day Care | | 13,350 |
| Total Depreciation Expense - Business-Type Activities | $ | 306,307 |

## 4. LONG-TERM DEBT

### Water Revenue Bonds

Water revenue bonds issued for improvements to the water system and payable at June 30, 2013 consist of the following:

| | | Balance 07-01-12 | | Increase | | Decrease | | Balance 06-30-13 |
|---|---|---|---|---|---|---|---|---|
| $1,680,000 water revenue bonds, series 1998 due in varying annual installments of $45,000 to $120,000 through November 1, 2020 plus interest at 3.7% to 5%, secured by revenues derived from operations of the water system | $ | 900,000 | $ | 0 | $ | 80,000 | $ | 820,000 |
| Less Unamortized Discounts on Bond Issuance | | (13,522) | | 0 | | (1,932) | | (11,590) |
| NET | $ | 886,478 | $ | 0 | $ | 78,068 | $ | 808,410 |

The annual requirements to amortize the above bonds as of June 30, 2013, including interest payments, are as follows:

## 4. LONG–TERM DEBT – Continued

| Date Matures | Principal | Interest | Total |
|---|---|---|---|
| 11-01-13 | $ 85,000 | $ 20,372 | $ 105,372 |
| 05-01-14 | 0 | 18,375 | 18,375 |
| 11-01-14 | 90,000 | 18,375 | 108,375 |
| 05-01-15 | 0 | 16,125 | 16,125 |
| 11-01-15 | 95,000 | 16,125 | 111,125 |
| 05-01-16 | 0 | 13,750 | 13,750 |
| 11-01-16 | 100,000 | 13,750 | 113,750 |
| 05-01-17 | 0 | 11,250 | 11,250 |
| 11-01-17 | 105,000 | 11,250 | 116,250 |
| 05-01-18 thru 05-01-21 | 345,000 | 35,000 | 380,000 |
| TOTAL | $ 820,000 | $ 174,372 | $ 994,372 |
| Current Maturities | 85,000 | 38,747 | 123,747 |
| Long-term Maturities | $ 735,000 | $ 135,625 | $ 870,625 |

The 1998 series bonds require a monthly sinking account deposit of one-sixth the bond interest due on the next succeeding interest payment date, and one-twelfth the principal due on the next succeeding principal payment date. The Reserve Fund requires deposits until the fund equals the highest amount due in any one year ($125,000). The Renewal and Extension Fund requires an amount not to exceed $30,000.

### Reserved Per Bond Indentures

Amounts restricted for payment of bonds from restricted accounts as required by the bond indentures, less current liabilities payable from the restricted accounts, if any, have been reserved in fund equity in the amount of $194,294. The amount from bond proceeds reserved for construction funds is $30,252.

### Sinking Fund Reserve - Revenue Bond

The Water and Sewer Revenue Bond indenture of 1998 contains a number of limitations and restrictions. The bond issue requires that operating revenues of the system be deposited to a special revenue fund from which payments are to be made on a priority basis to create and maintain specific reserve balances to pay principal and interest as they mature. The Water and Sewer system presently maintains balances required by the indenture, as follows:

## 4. LONG–TERM DEBT – Continued

| | | |
|---|---|---|
| Required: | | |
| Reserve Fund | $ | 125,000 |
| Renewal and Extension Fund | | 30,000 |
| Reserve for Principal and Interest | | |
| Current Maturities - 1998 Issue | | 35,124 |
| Total Required | $ | 190,124 |
| Actual: | | |
| Sinking Fund Reserves | | 201,085 |
| Underfunded (Excess) Reserve | $ | (10,961) |

## 5. LEASES AND NON-CASH TRANSACTIONS

The City has entered into lease transactions for the purchase of equipment as follows:

| | Balance 07-01-12 | Increase | Decrease | Balance 06-30-13 |
|---|---|---|---|---|
| Long-term Debt - General Fund | | | | |
| Lease payable to financing authority, 3.48% interest, payable $355 monthly, secured by equipment of $19,548 | $ 17,439 | $ 0 | $ 3,717 | $ 13,722 |
| Lease payable to financing authority, 3.37% interest, payable $468 monthly, secured by equipment of $21,845 | 10,845 | 0 | 4,880 | 5,965 |
| Lease payable to financing authority, 3.96% interest, payable $395 monthly secured by equipment of $18,695 | 9,185 | 0 | 3,833 | 5,352 |
| Total | $ 37,469 | $ 0 | $ 12,430 | $ 25,039 |
| Less amount due currently | 12,430 | 0 | 904 | 13,334 |
| Net due after 12 months | $ 25,039 | $ 0 | $ 13,334 | $ 11,705 |
| Water and Sewer Fund: | | | | |
| Lease payable to financing authority, 3.77% interest, payable $752 monthly, secured by equipment of $41,053 | $ 32,153 | $ 0 | $ 7,946 | $ 24,207 |
| Lease payable to financing authority, 3.48% interest, payable $355 monthly, secured by equipment of $19,548 | 17,439 | 0 | 3,718 | 13,721 |
| Lease payable to financing authority, 3.72%, payable $434 monthly, secured by equipment of $14,776 | 3,003 | 0 | 3,003 | 0 |
| Total | $ 52,595 | $ 0 | $ 14,667 | $ 37,928 |
| Less Amount Due Currently - Water & Sewer | 14,666 | | 2,567 | 12,099 |
| Net Due After Twelve Months | $ 37,929 | $ 0 | $ 12,100 | $ 25,829 |

## 5. LEASES AND NON-CASH TRANSACTIONS (Continued)

Future minimum lease payments together with the net present value of minimum lease payments at June 30, 2013 are as follows:

| Year | General Fund | Water & Sewer Fund |
|---|---|---|
| 2014 | $ 14,009 | $ 13,287 |
| 2015 | 6,109 | 13,287 |
| 2016 | 4,265 | 11,783 |
| 2017 | 1,777 | 1,777 |
| 2018 | 0 | 0 |
| Minimum Lease Payments for Capital Lease | $ 26,160 | $ 40,134 |
| Less Amount Representing Interest at the City's Incremental Borrowing Rate | 1,121 | 2,206 |
| Present Value of Minimum Lease Payments | $ 25,039 | $ 37,928 |

## 6. CONTINGENT LIABILITIES

There is a pending or threatened litigation that exceeds $2,500. No liability is expected but any amount should be covered by the City's Insurance Carrier.

The City is liable for any short fall collections of sales taxes by the County that is in excess of that advanced by the County under the SPLOST contracts. The amount determined at June 30, 2013 applicable to June 30, 2011 was $181,867.

## 7. NOTES PAYABLE AND LONG-TERM FINANCING

The City of Cave Spring, Georgia, Water and Sewer Enterprise Fund financed construction of improvements to its water & sewer system. The notes are payable to Georgia Environmental Facilities Authority. Interest accrues at 3.07% and 3.86%. The balance of the notes at June 30, 2013 is $514,217. The notes are secured by the system. Changes for the year are as follows:

| | Balance 07-01-12 | Increase | Decrease | Balance 06-30-13 |
|---|---|---|---|---|
| Note #1 3.07% | $ 493,652 | $ 0 | $ 46,385 | $ 447,267 |
| Note #2 3.86% | 71,255 | 0 | 4,305 | 66,950 |
| Total | $ 564,907 | $ 0 | $ 50,690 | $ 514,217 |
| Less Amount Due Currently | 50,690 | 1,591 | 0 | 52,281 |
| Net Due After Twelve Months | $ 514,217 | $ (1,591) | $ 50,690 | $ 461,936 |

## 7. NOTES PAYABLE (Continued)

The current schedule of balance of payments on the notes is as follows:

| Note #1: | Payments | Principal | Interest | Total |
|---|---|---|---|---|
| 06-30-14 | 12 | $ 47,806 | $ 13,063 | $ 60,869 |
| 06-30-15 | 12 | 49,293 | 11,576 | 60,869 |
| 06-30-16 | 12 | 50,813 | 10,056 | 60,869 |
| 06-30-17 | 12 | 52,425 | 8,444 | 60,869 |
| 06-30-18 | 12 | 54,042 | 6,827 | 60,869 |
| 07-01-18 to 10-31-21 | 40 | 192,888 | 10,305 | 203,193 |
| Total | 100 | $ 447,267 | $ 60,271 | $ 507,538 |
| **Note #2:** | | | | |
| 06-30-14 | 12 | $ 4,475 | $ 2,505 | $ 6,980 |
| 06-30-15 | 12 | 4,649 | 2,331 | 6,980 |
| 06-30-16 | 12 | 4,833 | 2,147 | 6,980 |
| 06-30-17 | 12 | 5,023 | 1,957 | 6,980 |
| 06-30-18 | 12 | 5,219 | 1,761 | 6,980 |
| 07-01-19 to 06-30-23 | 60 | 29,341 | 5,558 | 34,899 |
| 07-01-23 to 06-30-25 | 24 | 13,410 | 546 | 13,956 |
| Total | 144 | $ 66,950 | $ 16,805 | $ 83,755 |
| Total | | 514,217 | 77,076 | 591,293 |
| Current Maturities | | 52,281 | 15,568 | 67,849 |
| Long-term Maturities | | $ 461,936 | $ 61,508 | $ 523,444 |

A temporary construction loan of $200,940 was made in the prior year. The expenses were incurred as part of a major renovation project to the water system. An additional $185,000 was borrowed as a bridge until the project was approved. $350,000 of the obligation was repaid from SPLOST Funds and the balance was paid from operating revenue. A construction loan of $4.4 million due to GEFA was converted to a long-term financing and is payable as follows.

| YEAR | # PAYMENTS | PAYMENT | PRINCIPAL | INTEREST |
|---|---|---|---|---|
| Balance Beginning | | | | |
| 6-30-14 | 12 | $ 295,125 | $ 174,922 | $ 120,203 |
| 6-30-15 | 12 | 295,125 | 180,242 | 114,883 |
| 6-30-16 | 12 | 295,125 | 185,725 | 109,400 |
| 6-30-17 | 12 | 295,125 | 191,373 | 103,752 |
| 06-30-18 | 12 | 295,125 | 197,195 | 97,930 |
| 6-30-19 to 6-30-23 | 60 | 1,475,626 | 1,079,673 | 395,953 |
| 6-30-24 to 6-30-28 | 60 | 1,475,626 | 1,254,166 | 221,460 |
| 6-30-29 to 6-30-31 | 35 | 860,781 | 823,213 | 37,568 |
| TOTAL | 215 | $ 5,287,658 | $ 4,086,509 | $ 1,201,149 |
| Less Due Currently | 12 | 295,125 | 174,922 | 120,203 |
| Net Long-term | 203 | $ 4,992,533 | $ 3,911,587 | $ 1,080,946 |

## 7. NOTES PAYABLE (Continued)

Changes to the note payable were as follows:

| | Balance 07-01-13 | Increase | Decrease | Balance 06-30-13 |
|---|---|---|---|---|
| Note, 3% | $ 4,256,268 | $ 0 | $ 169,759 | $ 4,086,509 |
| Less Amount Due Currently | (169,759) | (174,922) | (169,759) | (174,922) |
| Net Due After Twelve Months | $ 4,086,509 | $ (174,922) | $ 0 | $ 3,911,587 |

## 8. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The purpose of the interfund receivables and payables is to present the net amount of cash paid into and remitted from the joint banking accounts. Transfers were made from the Water & Sewer Fund ($563) to the General Fund for expenditures of $563. As of June 30, 2013, interfund receivables or payables were as follows:

| FUND | AMOUNT DUE FROM | AMOUNT DUE TO |
|---|---|---|
| General Fund | $ 30,305 | $ 56,594 |
| SPLOST Fund | 1 | 0 |
| Grant Fund | 1 | 0 |
| Water & Sewer Fund | 0 | 30,305 |
| Day Care Fund | 56,592 | 0 |
| Total | $ 86,899 | $ 86,899 |

## 9. DUE TO/FROM OTHER GOVERNMENTS

The amounts due to or from other governments at June 30, 2013, are as follows:

| | CURRENT | |
|---|---|---|
| FUND | AMOUNT DUE FROM | AMOUNT DUE TO |
| General Fund: | | |
| U.S. Treasury | $ 0 | $ 5,680 |
| Georgia Dept of Revenue | 0 | 1,825 |
| Total | $ 0 | $ 7,505 |
| Day Care Fund: | | |
| U.S. Government | $ 1,315 | $ 0 |
| | **OTHER** | |
| General Fund: | | |
| County | $ 0 | $ 181,867 |

## 10. RETIREMENT BENEFITS

The City participates in the Georgia Municipal Employee's Benefit System (GMEBS), an agent multiple-employer pension plan. This retirement plan is administered by the Georgia Municipal Association and is a non-contributory defined benefit plan offered to all full-time employees of the City who work at least 20 hours per week and who have completed one year of service. All past service is credited to the employees. The plan provides for a ten year vesting period with retirement at age 65. Early retirement may be taken at age 55 after ten years of service. Normal retirement benefits will be the product of one and one-fourth percent of each participant's final average earnings multiplied by the participant's years of credited services.

The Plan may be amended by the Council of the City of Cave Spring, Georgia. Any amendments will be in compliance with state and federal laws and the Master Plan will be maintained by GMEBS. The Master Plan may be amended by the Board of GMEBS.

The City is required to contribute at an actuarially determined rate; the current rate is 8.00% for 2013 and 7.94% for 2014 of annual covered payroll. This report covers the results of the December 31, 2012 actuarial valuation. The report issued by the Plan is a stand-alone financial report and is available at the City Clerk's office in the City of Cave Spring.

The amount shown below as the "Present Value of Accrued Plan Benefits" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure is the actuarial present value of credited projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress being made in accumulating sufficient assets to pay benefits when due, and allow for comparisons among public employee retirement plans. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are consistently applied. Significant actuarial assumptions used include a rate of return on the investment of present and future assets of seven and 75/100 (7.75) percent per year compounded annually, projected salary increases of three and 50/100 (3.5) percent per year compounded annually. The actuarial value of the plan assets was determined by roll forward of prior year's actuarial value with contributions, disbursements, and expected return on investments. The Preliminary Actuarial Value of Assets is Expected Actuarial Value of Assets plus (minus) 10% of the amount that Market Value of Assets exceeds (is less than) Expected Actuarial Value of Assets. In addition, the Actuarial Value of Assets will not be less than 80% or greater than 120% of the market Value of Assets. The City's initial unfunded actuarial accrued liability is being amortized as a level dollar over 30 years from 1988; 15 years for actuarial gains and losses; 20 years for plan provision changes; and 30 years for changes in actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year.

## 10. RETIREMENT BENEFITS (Continued)

**PRESENT VALUE OF ACCRUED PLAN BENEFITS (ON-GOING BASIS)**

| | | |
|---|---|---|
| Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | $ | 289,491 |
| Current Employees: | | |
| Employer Financed - Vested | | 221,851 |
| Employer Financed - Nonvested | | 20,879 |
| Total Present Value of Accrued Plan Benefits | $ | 532,221 |
| Net Assets Available for Benefits, at Market Value | | 484,168 |
| Unfunded (Surplus) Present Value of Accrued Plan Benefits | $ | 48,053 |

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). As of December 31, 2012, the estimated minimum annual contribution under these standards was $29,427. The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. Trend information is provided in the separately issued plan report indicating that plan assets are available to pay benefits when due.

During the year, annual employer contributions totaling $21,161 were made in accordance with contribution requirements by the various departments as follows: $9,946 (General Fund), $9,311 (Water and Sewer Fund), and $1,904 (Child Care Fund). Currently seven (7) retirees or beneficiaries are receiving benefits. The City's annual pension cost of $21,161 was equal to the City's required and actual contributions which were determined using the projected unit credit actuarial cost method. Annual covered payroll is approximately $364,000. The total contribution consisted of $25,841 normal cost (7.1 percent of covered payroll) and $2,508 amortization of the unfunded actuarial accrued liability (.69 percent of covered payroll). Total payroll for all funds for the year ended June 30, 2013 was approximately $625,000. The following information was used in arriving at the required annual contribution.

| | |
|---|---|
| Valuation Date | January 1, 2013 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Closed Level Dollar for Remaining Unfunded Liability |
| Remaining Amortization Period | Remaining Amortization Period Varies for the Base, with a Net Effective Amortization Period of 14 Years |
| Asset Valuation Method | Sum of Actuarial Value at Beginning of Year and the Cash flow During the Plus the Assumed Investment Return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. |
| Net Investment Rate of Return | 7.75% |
| Projected Salary Increases | 3.50% plus age and service based merit increases |
| Cost of Living Adjustment | 0.0% |

## 10. RETIREMENT BENEFITS (Continued)

Historical trend information for the City pension plan is presented below:

| | 01-01-13 | 01-01-12 | 01-01-11 | 03-01-10 | 03-01-09 |
|---|---|---|---|---|---|
| Net Assets Available for Benefits as a Percentage of Present value of Accrued Plan Benefits to the City's Employees | 90.97% | 84.62% | 90.38% | 89.68% | 121.26% |
| City's Contributions to the Pension Plan as a Percentage of the City's Annual Covered Payroll | 7.94% | 8.00% | 8.45% | 6397.00% | 6.96% |
| Actuarial Value of Plan Assets | $ 554,682 | $ 524,674 | $ 497,053 | $ 454,578 | $ 398,083 |
| Actuarial Accrued Liability | $ 576,231 | $ 520,130 | $ 522,571 | $ 465,031 | $ 414,068 |
| Unfunded Actuarial Liability or Funding (Excess) | $ 21,549 | $ (4,544) | $ 25,518 | $ 10,453 | $ 15,985 |
| Actuarial value of Assets as a % of Actuarial Accrued Liability | 96.26% | 100.87% | 95.12% | 97.75% | 96.14% |
| Annual Covered Payroll | $ 364,162 | $ 259,973 | $ 392,725 | $ 401,828 | $ 408,596 |
| Ratio of Unfunded Actuarial Liability or Excess to Annual Covered Payroll | 5.92% | -17.48% | 6.50% | 2.60% | 3.91% |
| Annual Pension Cost | $ 29,427 | $ 21,161 | $ 33,772 | $ 28,474 | $ 28,430 |
| % of Annual Pension Cost Contributed | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Police Officer's Retirement Fund/Peace Officer's Annuity and Benefit Fund - The police officers are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the City to the pension plans before the payment of any costs or other claims.

## 11. CONTRIBUTED CAPITAL - CHILD CARE FUND

The Child Care fund originated as a corporation in 1978. The City contributed $11,817 in 1978 in exchange for 118 shares of capital stock. The Child Care Center was set up as a separate fund and department of the City during the fiscal year ended June 30, 1981. The Child Care Fund never operated as a corporation separate from the City; therefore, it is presented as a fund in the financial statements. The corporate charter was revoked in 1990.

## 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance coverage from GIRMA to cover its risk of loss for all areas except worker's compensation claims. For worker's compensation coverage, the City participates in the Georgia

## 12. RISK MANAGEMENT (Continued)

Municipal Association Worker's Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the insurance and worker's compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after judgment, and all expenses incurred for investigation, negotiation or defense.

Payments are made into these funds based on actuarial estimates of the amounts needed to pay prior and current year claims. Insurance premiums are assessed the City to cover liabilities and property damages. There were no unpaid claims at the end of the current year which would require accrual on the balance sheet. Also, settlement amounts have not exceeded coverage in any of the last three years for any fund.

## 13. JOINT VENTURE

The City of Cave Spring, Georgia, in conjunction with other cities and counties in the ten (10) county Northwest Georgia area are members of the Coosa Valley Regional Commission (CVRC). Membership in an CVRC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizations' structure for the CVRCs. Each county and municipality in the state is required by law to pay minimum annual dues to the CVRC. The City paid annual dues in the amount of $1,200 to the CVRC for the year ended June 30, 2013. The CVRC board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County. Audited financial statements are prepared for the agency on an annual basis. These financial statements are available at the Coosa Valley Regional Commission central office in Rome, Georgia.

## 13. JOINT VENTURE - CONTINUED

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines the regional commissions as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1) The City has not been notified of any fiscal stress that may cause additional financial benefit to or burden on the participating government in the future.

## 14. BOND ISSUANCE COSTS

In November 1998, the City issued bonds in the amount of $1,680,000 at a discount of $38,634. The bond proceeds were used to extinguish existing debt and provide cash for a sewer construction project.

Discounts on Issuance of the Bonds is being amortized over the life of the bonds and is netted as a reduction of the bond payable on the combined balance sheet under the Enterprise Funds.

Costs associated with the issuance of the bonds is being amortized over the life of the bonds on a straight line basis and is shown as Other Assets net of amortization on the combined balance sheet under the Enterprise Funds.

## 15. HOTEL-MOTEL TAX

A tax is charged hotel-motel residents for the purpose of furthering business in the City. The amount collected and disbursed on the cash basis for the year is as follows:

| | Balance 06-30-12 | Net Change | Balance 06-30-13 |
|---|---|---|---|
| Cash | $ 15,484 | $ (1,938) | $ 13,546 |
| Accounts Receivable | 430 | 6 | 436 |
| Accounts Payable | 0 | 0 | 0 |
| Total | $ 15,914 | $ (1,932) | $ 13,982 |
| Revenue | | $ 3,459 | |
| Expenditures | | 5,391 | |
| Net Revenue over Expenditures | | $ (1,932) | |

Twenty-seven and 82/100 (27.82) percent of the total tax available were expended during the year. All expenditures were in accordance with legal requirements.

## 16. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City provides water and sewer and child care services which are financed by user charges. The key financial data for the year ended June 30, 2013 are as follows:

| | WATER AND SEWER | CHILD CARE | TOTAL |
|---|---|---|---|
| Operating Revenues | $ 1,093,380 | $ 79,392 | $ 1,172,772 |
| Operating Expenses | 520,508 | 136,879 | 657,387 |
| Operating Income (Loss) before Depreciation | $ 572,872 | $ (57,487) | $ 515,385 |
| Depreciation | 304,521 | 13,350 | 317,871 |
| Operating Income (Loss) | $ 268,351 | $ (70,837) | $ 197,514 |
| Non-operating Revenues (Expenses), Net | (181,564) | 54,531 | (127,033) |
| Net Income (Loss) before Transfers | $ 86,787 | $ (16,306) | $ 70,481 |
| Transfers in (out), Net | (563) | 0 | (563) |
| Net Income | $ 86,224 | $ (16,306) | $ 69,918 |
| | | | |
| Current Assets | $ 472,769 | $ 7,539 | $ 480,308 |
| Restricted Assets | 285,373 | 0 | 285,373 |
| Property, Plant and Equipment, Net | 10,629,098 | 370,685 | 10,999,783 |
| Other Assets | 241,432 | 0 | 241,432 |
| Total Assets | $ 11,628,672 | $ 378,224 | $ 12,006,896 |
| | | | |
| Current Liabilities (Payable from Current Assets) | $ 285,920 | $ 63,807 | $ 349,727 |
| Current Liabilities (Payable from Restricted Assets) | 145,827 | 0 | 145,827 |
| Long-term Liabilities | 5,122,762 | 0 | 5,122,762 |
| Total Liabilities | $ 5,554,509 | $ 63,807 | $ 5,618,316 |
| | | | |
| Capital Assets | $ 5,212,286 | $ 370,685 | $ 5,582,971 |
| Restricted | 194,294 | 0 | 194,294 |
| Unrestricted | 667,583 | (56,268) | 611,315 |
| Net Assets | $ 6,074,163 | $ 314,417 | $ 6,388,580 |
| | | | |
| Net Working Capital Unrestricted | $ 186,849 | $ (56,268) | $ 130,581 |
| Property, Plant and Equipment Additions | $ 23,983 | $ 0 | $ 23,983 |
| Property, Plant and Equipment Deletions | $ 0 | $ 0 | $ 0 |

## 15. SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)

| | WATER AND SEWER | CHILD CARE | TOTAL |
|---|---|---|---|
| Cash Provided (Used) by Operating Activities | $ 538,372 | $ (55,230) | $ 483,142 |
| Cash Provided (Used) by Non-Capital Financing Activities | (563) | 55,230 | 54,667 |
| Cash Provided (Used) by Capital and Related Financing Activities | (521,583) | 0 | (521,583) |
| Cash Provided from Investing Activities | 7,992 | 0 | 7,992 |
| Cash - Beginning | 516,311 | 0 | 516,311 |
| Cash - Ending | $ 540,529 | $ 0 | $ 540,529 |

## 17. RECEIVABLES

Receivables are shown net of allowance for doubtful accounts as follows:

| | Governmental Activities | | Business-type Activities | |
|---|---|---|---|---|
| | Receivable | Allowance | Receivable | Allowance |
| Accounts Receivable | $ 103,442 | $ 8,558 | $ 206,377 | $ 25,465 |
| Fines and Forfeitures and Other | 18,800 | 8,073 | 0 | 0 |
| Total | $ 122,242 | $ 16,631 | $ 206,377 | $ 25,465 |

## 18. OPERATING LEASES

The City (as lessor) has entered into a lease agreement with a lessee for 10 years for certain real property. The lease requires the lessee to maintain the property and there are limitations on the use of the property. The lease began February 27, 2004 and is due as follows:

| Years | Amount |
|---|---|
| 6/30/2013 | $ 0 |
| 06-30-13 thru 06-30-14 | 8,532 |

## 19. COMPONENT UNIT – Installment Note Payable:

A building was purchased during the year of 2011 at a cost of $62,406. A down payment of $11,406 was made and the balance of $51,000 was financed at 6.75% interest with annual principal payments of $5,000 and quarterly interest payments made on the balance for five (years). A balloon payment of $31,000 is due at the end of five years. The note is secured by the real estate. Payments are due as follows:

| | PRINCIPAL | INTEREST | TOTAL |
|---|---|---|---|
| 6-30-14 | $ 5,000 | $ 2,417 | $ 7,417 |
| 6-30-15 | 5,000 | 2,079 | 7,079 |
| 6-30-16 | 20,600 | 1,742 | 22,342 |
| 6-30-17 | 0 | 0 | 0 |
| **TOTAL** | $ 30,600 | $ 6,238 | $ 36,838 |
| Current | 5,000 | 2,417 | 7,417 |
| Long Term | $ 25,600 | $ 3,821 | $ 29,421 |

Changes for the year are as follows:

| | Balance 07-01-12 | Increase | Decrease | Balance 06-30-13 |
|---|---|---|---|---|
| Note, 6.75% | $ 40,800 | $ 0 | $ 10,200 | $ 30,600 |
| Less Amount Due Currently | 5,000 | 0 | 0 | 5,000 |
| Net Due After Twelve Months | $ 35,800 | $ 0 | $ 10,200 | $ 25,600 |

## 20. LONG-TERM RECEIVABLE – WATER & SEWER:

A long-term receivable is due from the Georgia Department of Labor for reimbursement of installation of a water line for use by the Georgia Department of Labor offices. The cost of the installation was $109,750 and is payable to the City over 20 years at 3% interest, $608.67 monthly (principal and interest). Payments due are as follows:

| | PRINCIPAL | INTEREST - 3% | TOTAL |
|---|---|---|---|
| 6-30-14 | $ 4,265 | $ 3,039 | $ 7,304 |
| 6-30-15 | 4,394 | 2,910 | 7,304 |
| 6-30-16 | 4,528 | 2,776 | 7,304 |
| 6-30-17 | 4,666 | 2,638 | 7,304 |
| 06-30-18 | 4,807 | 2,497 | 7,304 |
| 6-30-19 to 6-30-23 | 26,323 | 10,197 | 36,520 |
| 6-30-29 to 6-30-28 | 30,577 | 5,943 | 36,520 |
| 6-30-29 to 11-30-31 | 23,693 | 1,263 | 24,956 |
| **TOTAL** | $ 103,253 | $ 31,263 | $ 134,516 |
| Current | 4,265 | 3,039 | 7,304 |
| Long Term | $ 98,988 | $ 28,224 | $ 127,212 |

## 21. PRIOR PERIOD ADJUSTMENT:

In 2009 thru 2011 the City entered into a special project for construction of a building to be used as a community center and for the purchase of a fire truck to be used in the fire department. The County advanced funds for the project to be completed. All funds were to be repaid through SPLOST revenue during the period of the project. The SPLOST program ended in 2011 and subsequently it was determined that there was a short fall in the special tax revenue collected in the amount of $181,867. The County requested to be reimbursed for the short fall of $181,867. It has been agreed upon by both parties that the short fall does exist. Because the liability should have been recognized by the City in the year ended 6-30-2011 (the year the project was completed) rather than recognizing the advances as SPLOST tax revenue the liability is being recognized in the current year in the Government-Wide Statement of Net Assets (page 13) as a "Due to other Governments" and an off setting amount as a prior year adjustment to the unrestricted net asset balance. Also this is included as a prior period adjustment to Net Assets on the Government Wide Statement of Activities (page 14-15). There is no time schedule for repayment of the debt and there is not interest being charged on the balance.

## COMBINING FINANCIAL STATEMENTS

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

**Hotel-Motel Fund** - to account for the receipts and disbursements relating to taxes collected under this Ordinance

**Fire Department Fund** - to account for contribution to be used for fire department

**Downtown Development Authority (DDA)** – to account for the balance of funds maintained by the City applicable to the DDA program

**Confiscated Property** – to account for confiscated goods converted to revenue and disbursements in accordance with the Courts

**Cemetery Perpetual Care Fund** – to account for receipts and disbursements relating to contributions for the perpetual care of the City's cemetery

**Grant Fund** – to account for funds received and expended applicable to private and government grants awarded to the City

### Capital Projects Fund

**SPLOST Project Fund** - to account for receipts and disbursements relating to the special purpose sales tax project

CITY OF CAVE SPRING, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

| | CAPITAL PROJECTS FUND | SPECIAL REVENUE FUNDS | |
|---|---|---|---|
| | SPLOST FUNDS | HOTEL/MOTEL FUNDS | FIRE DEPT. FUNDS |
| **ASSETS** | | | |
| Cash | $ 1 | $ 13,546 | $ 1,112 |
| Accounts Receivable | 0 | 436 | 0 |
| Due from Other Funds | 0 | 0 | 0 |
| TOTAL ASSETS | $ 1 | $ 13,982 | $ 1,112 |
| **LIABILITIES AND FUND BALANCE** | | | |
| Liabilities: | | | |
| Account Payables | $ 0 | $ 0 | $ 0 |
| Due to Other Funds | 1 | 0 | 0 |
| Total Liabilities | $ 1 | $ 0 | $ 0 |
| Fund Balance: | | | |
| Assigned Funds | $ 0 | 0 | 0 |
| Unassigned Funds | 0 | 13,982 | 1,112 |
| Total Fund Balances | $ 0 | $ 13,982 | $ 1,112 |
| TOTAL LIABILITIES AND AND FUND BALANCE | $ 1 | $ 13,982 | $ 1,112 |

| SPECIAL REVENUE FUNDS | | | | |
|---|---|---|---|---|
| DOWNTOWN DEVELOPMENT AUTHORITY | CONFISCATED PROPERTY FUNDS | CEMETERY PERPETUAL CARE FUND | GRANT FUNDS | TOTAL OTHER GOVERNMENTAL FUNDS |
| $ 0 | $ 4,689 | $ 49,345 | $ 10,453 | $ 79,146 |
| 0 | 0 | 0 | 0 | 436 |
| 0 | 0 | 0 | 0 | 0 |
| $ 0 | $ 4,689 | $ 49,345 | $ 10,453 | $ 79,582 |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 0 | 0 | 0 | 1 | 2 |
| $ 0 | $ 0 | $ 0 | $ 1 | $ 2 |
| 0 | 0 | 0 | $ 0 | $ 0 |
| 0 | 4,689 | 49,345 | 10,452 | 79,580 |
| $ 0 | $ 4,689 | $ 49,345 | $ 10,452 | $ 79,580 |
| $ 0 | $ 4,689 | $ 49,345 | $ 10,453 | $ 79,582 |

**CITY OF CAVE SPRING, GEORGIA**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES**
**NON-MAJOR GOVERNMENTAL FUNDS**
**YEAR ENDED JUNE 30, 2013**

| | CAPITAL PROJECTS FUND | SPECIAL REVENUE FUNDS | |
|---|---|---|---|
| | SPLOST FUNDS | HOTEL/MOTEL FUNDS | FIRE DEPT. FUNDS |
| REVENUES: | | | |
| Intergovernmental: | | | |
| Federal/State | $ 0 | $ 0 | $ 0 |
| Other Funds | 0 | 0 | 25 |
| Other Funds - Sales Tax - SPLOST | 0 | 3,459 | 0 |
| TOTAL REVENUES | $ 0 | $ 3,459 | $ 25 |
| EXPENDITURES: | | | |
| General Government | $ 0 | $ 5,391 | $ 0 |
| Public Safety | 0 | 0 | 0 |
| Streets and Maintenance | 0 | 0 | 0 |
| Culture/Recreation | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 0 | $ 5,391 | $ 0 |
| NET CHANGE IN FUND BALANCE | $ 0 | $ (1,932) | $ 25 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers In/(Out) | 0 | 0 | 0 |
| NET CHANGE IN FUND BALANCE AND OTHER SOURCES (USES) | $ 0 | $ (1,932) | $ 25 |
| FUND BALANCE - BEGINNING | 0 | 15,914 | 1,087 |
| FUND BALANCE - ENDING | $ 0 | $ 13,982 | $ 1,112 |

| SPECIAL REVENUE FUNDS | | | | |
|---|---|---|---|---|
| DOWNTOWN DEVELOPMENT AUTHORITY | CONFISCATED PROPERTY FUNDS | CEMETERY PERPETUAL CARE FUND | GRANT FUNDS | TOTAL OTHER GOVERNMENTAL FUNDS |
| $ 0 | $ 0 | $ 0 | $ 53,761 | $ 53,761 |
| 0 | 0 | 1,092 | 0 | 1,117 |
| 0 | 0 | 0 | 0 | 3,459 |
| $ 0 | $ 0 | $ 1,092 | $ 53,761 | $ 58,337 |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 5,391 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 43,309 | 43,309 |
| $ 0 | $ 0 | $ 0 | $ 43,309 | $ 48,700 |
| $ 0 | $ 0 | $ 1,092 | $ 10,452 | $ 9,637 |
| 0 | 0 | 0 | 274 | 274 |
| $ 0 | $ 0 | $ 1,092 | $ 10,726 | $ 9,911 |
| 0 | 4,689 | 48,253 | (274) | 69,669 |
| $ 0 | $ 4,689 | $ 49,345 | $ 10,452 | $ 79,580 |

# SCHEDULE OF REVENUES, EXPENDITURES and CHANGES IN FUND BALANCE - BUDGET and ACTUAL

Special Revenue

And

Capital Project

CITY OF CAVE SPRING, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST) FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| State | 0 | 0 | 0 | 0 | 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| EXPENDITURES: | | | | | |
| General Government | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Public Safety | 0 | 0 | 0 | 0 | 0 |
| Streets and Maintenance | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/Out | 0 | 0 | 0 | 0 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| FUND BALANCE - BEGINNING | 0 | 0 | 0 | 0 | 0 |
| FUND BALANCE - ENDING | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - HOTEL/MOTEL
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal/State | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| Other Funds - Taxes | 3,400 | 3,400 | 3,459 | 59 | 3,350 |
| TOTAL REVENUES | $ 3,400 | $ 3,400 | $ 3,459 | $ 59 | $ 3,350 |
| EXPENDITURES: | | | | | |
| General Government | $ 3,000 | $ 5,500 | $ 5,391 | $ 109 | $ 875 |
| Public Safety | 0 | 0 | 0 | 0 | 0 |
| Streets and Maintenance | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 3,000 | $ 5,500 | $ 5,391 | $ 109 | $ 875 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 400 | $ (2,100) | $ (1,932) | $ 168 | $ 2,475 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/(Out) | 0 | 0 | 0 | 0 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 400 | $ (2,100) | $ (1,932) | $ 168 | $ 2,475 |
| FUND BALANCE - BEGINNING | 15,914 | 15,914 | 15,914 | 0 | 13,439 |
| FUND BALANCE - ENDING | $ 16,314 | $ 13,814 | $ 13,982 | $ 168 | $ 15,914 |

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - FIRE DEPARTMENT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal/State | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Other Funds | 0 | 0 | 25 | 25 | 0 |
| Other Funds - Taxes | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | $ 0 | $ 0 | $ 25 | $ 25 | $ 0 |
| EXPENDITURES: | | | | | |
| General Government | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Public Safety | 0 | 0 | 0 | 0 | 535 |
| Streets and Maintenance | 0 | 0 | 0 | 0 | 0 |
| Health and Welfare | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 535 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 0 | $ 0 | $ 25 | $ 25 | $ (535) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/Out | 0 | 0 | 0 | 0 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 0 | $ 0 | $ 25 | 25 | $ (535) |
| FUND BALANCE - BEGINNING | 1,087 | 1,087 | 1,087 | 0 | 1,622 |
| FUND BALANCE - ENDING | $ 1,087 | $ 1,087 | $ 1,112 | $ 25 | $ 1,087 |

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - GRANT FUND - DOT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal/State | $ 10,452 | $ 10,452 | $ 10,452 | $ 0 | $ 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| Other Funds - Taxes | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | $ 10,452 | $ 10,452 | $ 10,452 | $ 0 | $ 0 |
| EXPENDITURES: | | | | | |
| General Government | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Public Safety | 0 | 0 | 0 | 0 | 0 |
| Streets and Maintenance | 10,452 | 10,452 | 0 | 10,452 | 0 |
| Culture and Recreation | 0 | 0 | 0 | 0 | 11 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 10,452 | $ 10,452 | $ 0 | $ 10,452 | $ 11 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 0 | $ 0 | $ 10,452 | $ 10,452 | $ (11) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/(Out) | 0 | 0 | 0 | 0 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 0 | $ 0 | $ 10,452 | $ 10,452 | $ (11) |
| FUND BALANCE - BEGINNING | 0 | 0 | 0 | 0 | 11 |
| FUND BALANCE - ENDING | $ 0 | $ 0 | $ 10,452 | $ 10,452 | $ 0 |

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - CONFISCATED PROPERTY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal/State | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| Other Funds - Taxes | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| EXPENDITURES: | | | | | |
| General Government | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Public Safety | 0 | 0 | 0 | 0 | 0 |
| Streets and Maintenance | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/(Out) | 0 | 0 | 0 | 0 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| FUND BALANCE - BEGINNING | 4,689 | 4,689 | 4,689 | 0 | 4,689 |
| FUND BALANCE - ENDING | $ 4,689 | $ 4,689 | $ 4,689 | $ 0 | $ 4,689 |

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - CEMETERY PERPETUAL CARE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal/State | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Other Funds | 0 | 0 | 1,092 | 1,092 | 0 |
| Other Funds - Taxes | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | $ 0 | $ 0 | $ 1,092 | $ 1,092 | $ 0 |
| EXPENDITURES: | | | | | |
| General Government | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Public Safety | 0 | 0 | 0 | 0 | 0 |
| Streets and Maintenance | 0 | 0 | 0 | 0 | 10,618 |
| Culture and Recreation | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 0 | $ 0 | $ 0 | $ 0 | $ 10,618 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 0 | $ 0 | $ 1,092 | $ 1,092 | $ (10,618) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/(Out) | 0 | 0 | 0 | 0 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 0 | $ 0 | $ 1,092 | $ 1,092 | $ (10,618) |
| FUND BALANCE - BEGINNING | 48,253 | 48,253 | 48,253 | 0 | 58,871 |
| FUND BALANCE - ENDING | $ 48,253 | $ 48,253 | $ 49,345 | $ 1,092 | $ 48,253 |

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - GRANT FUND - TRAILWAY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance With Final Budget Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal/State | $ 43,309 | $ 43,309 | $ 43,309 | $ 0 | $ 48,093 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| Other Funds - Taxes | 0 | 0 | 0 | 0 | 17,425 |
| TOTAL REVENUES | $ 43,309 | $ 43,309 | $ 43,309 | $ 0 | $ 65,518 |
| EXPENDITURES: | | | | | |
| General Government | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Public Safety | 0 | 0 | 0 | 0 | 17,424 |
| Streets and Maintenance | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 43,035 | 43,035 | 43,309 | (274) | 48,368 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 43,035 | $ 43,035 | $ 43,309 | $ (274) | $ 65,792 |
| EXCESS OF REVENUES OVER EXPENDITURES | $ 274 | $ 274 | $ 0 | $ (274) | $ (274) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In/(Out) | 0 | 0 | 274 | 274 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | $ 274 | $ 274 | $ 274 | $ 0 | $ (274) |
| FUND BALANCE - BEGINNING | (274) | (274) | (274) | 0 | 0 |
| FUND BALANCE - ENDING | $ 0 | $ 0 | $ 0 | $ 0 | $ (274) |

## SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS and SCHEDULES

### General Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

**CITY OF CAVE SPRING, GEORGIA**
**GENERAL FUND**
**COMPARATIVE BALANCE SHEETS**
**JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 328,238 | $ 261,065 |
| Investments - Cash | 325,864 | 325,416 |
| Accounts Receivable - Net | 38,569 | 41,775 |
| Other Receivables | 66,606 | 58,256 |
| Prepaid Expenses | 13,908 | 10,498 |
| Internal Balances | 56,594 | 52,212 |
| TOTAL ASSETS | $ 829,779 | $ 749,222 |
| **LIABILITIES** | | |
| Liabilities: | | |
| Accounts Payable | $ 24,829 | $ 15,268 |
| Accrued Expenses | 2,332 | 3,168 |
| Internal Balances | 30,304 | 4,231 |
| Due to Other Governments | 7,505 | 2,960 |
| TOTAL LIABILITIES | $ 64,970 | $ 25,627 |
| DEFERRED REVENUE - NET | $ 2,771 | $ 2,771 |
| **FUND EQUITY** | | |
| Fund Balance: | | |
| Nonspendable - Prepaid Expenses | $ 13,908 | $ 10,498 |
| Unassigned | 748,130 | 710,326 |
| TOTAL FUND EQUITY | $ 762,038 | $ 720,824 |
| TOTAL LIABILITIES AND FUND EQUITY | $ 829,779 | $ 749,222 |

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance With Final Budget Positive | |
| | Original | Final | Actual | (Negative) | Actual |
| REVENUES: | | | | | |
| Taxes | $ 457,700 | $ 457,700 | $ 427,222 | $ (30,478) | $ 448,237 |
| Licenses and Permits | 15,000 | 15,000 | 13,868 | (1,132) | 16,885 |
| Grants and Receipts from Other Governments | 85,700 | 85,700 | 85,745 | 45 | 82,873 |
| Charges for Services | 154,000 | 154,000 | 150,722 | (3,278) | 146,454 |
| Fines and Forfeits | 32,000 | 32,000 | 14,204 | (17,796) | 23,002 |
| Interest | 900 | 900 | 445 | (455) | 793 |
| Other | 8,500 | 8,500 | 7,098 | (1,402) | 35,781 |
| TOTAL REVENUES | $ 753,800 | $ 753,800 | $ 699,304 | $ (54,496) | $ 754,025 |
| EXPENDITURES: | | | | | |
| CURRENT: | | | | | |
| General Government | $ 123,000 | $ 120,500 | $ 101,503 | $ 18,997 | $ 111,373 |
| Public Safety | 394,800 | 394,800 | 368,683 | 26,117 | 381,937 |
| Streets and Maintenance | 173,600 | 173,600 | 136,745 | 36,855 | 161,149 |
| Culture and Recreation | 65,600 | 65,600 | 51,448 | 14,152 | 60,165 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 757,000 | $ 754,500 | $ 658,379 | $ 96,121 | $ 714,624 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | $ (3,200) | $ (700) | $ 40,925 | $ 41,625 | $ 39,401 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds from Long-term Lease Obligations | $ 0 | $ 0 | $ 0 | $ 0 | $ 10,845 |
| Contributions from(to) Other Governments | 0 | 0 | 0 | 0 | 0 |
| Sale of Assets | 2,000 | 2,000 | 0 | (2,000) | 12,011 |
| Transfers In/(Out) | 800 | 800 | 289 | (511) | 848 |
| TOTAL OTHER FINANCING SOURCES (USES) | $ 2,800 | $ 2,800 | $ 289 | $ (2,511) | $ 23,704 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | $ (400) | $ 2,100 | $ 41,214 | $ 39,114 | $ 63,105 |
| FUND BALANCE, JULY 1 | 720,824 | 720,824 | 720,824 | 0 | 657,719 |
| FUND BALANCE, JUNE 30 | $ 720,424 | $ 722,924 | $ 762,038 | $ 39,114 | $ 720,824 |

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance With Final Budget Positive | |
| | Original | Final | Actual | (Negative) | Actual |
| Taxes and Franchise Fees: | | | | | |
| Franchise | $ 90,200 | $ 90,200 | $ 85,174 | $ (5,026) | $ 90,595 |
| Insurance | 56,000 | 56,000 | 59,784 | 3,784 | 56,285 |
| Sales Taxes- General | 282,000 | 282,000 | 258,284 | (23,716) | 274,015 |
| Beer and Wine | 25,000 | 25,000 | 19,530 | (5,470) | 22,921 |
| Taxes and Licenses | 4,500 | 4,500 | 4,450 | (50) | 4,421 |
| Total Taxes and Franchise Fees | $ 457,700 | $ 457,700 | $ 427,222 | $ (30,478) | $ 448,237 |
| Charges for Services: | | | | | |
| Business Licenses | $ 15,000 | $ 15,000 | $ 13,868 | $ (1,132) | $ 16,885 |
| Garbage Fees | 69,300 | 69,300 | 68,726 | (574) | 67,096 |
| Fines and Forteitures | 32,000 | 32,000 | 14,204 | (17,796) | 23,002 |
| Fire Fees | 67,200 | 67,200 | 69,396 | 2,196 | 64,649 |
| Cemetery | 8,100 | 8,100 | 6,580 | (1,520) | 6,780 |
| Community Center | 6,000 | 6,000 | 2,525 | (3,475) | 4,485 |
| Rental | 3,400 | 3,400 | 3,495 | 95 | 3,444 |
| Total Charges for Services | $ 201,000 | $ 201,000 | $ 178,794 | $ (22,206) | $ 186,341 |
| Other Revenue: | | | | | |
| County Government | $ 85,700 | $ 85,700 | $ 85,745 | $ 45 | $ 82,873 |
| Investment Income | 900 | 900 | 445 | (455) | 793 |
| Other Income | 8,500 | 8,500 | 7,098 | (1,402) | 35,781 |
| Total Other Revenue | $ 95,100 | $ 95,100 | $ 93,288 | $ (1,812) | $ 119,447 |
| Total Revenues | $ 753,800 | $ 753,800 | $ 699,304 | $ (54,496) | $ 754,025 |

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance With Final Budget Positive | Actual GAAP |
| | Original | Final | Amounts | (Negative) | Basis |
| General Government and Administration | | | | | |
| Salaries and Taxes | $ 37,750 | $ 37,850 | $ 37,614 | $ 236 | $ 36,149 |
| Pension | 3,700 | 3,700 | 3,597 | 103 | 3,715 |
| Insurance | 15,200 | 15,200 | 14,056 | 1,144 | 15,574 |
| Professional Fees | 10,500 | 7,500 | 4,764 | 2,736 | 7,633 |
| Utilities and Telephone | 33,500 | 34,000 | 26,969 | 7,031 | 30,264 |
| Supplies | 17,900 | 17,800 | 12,788 | 5,012 | 14,988 |
| Training and Travel | 3,450 | 3,450 | 1,715 | 1,735 | 3,050 |
| Capital | 1,000 | 1,000 | 0 | 1,000 | 0 |
| Total General Government | $ 123,000 | $ 120,500 | $ 101,503 | $ 18,997 | $ 111,373 |
| Public Safety: | | | | | |
| Police Department: | | | | | |
| Salaries and Taxes | $ 143,200 | $ 137,700 | $ 134,688 | $ 3,012 | $ 139,464 |
| Pension | 4,500 | 4,500 | 4,232 | 268 | 7,430 |
| Insurance | 35,800 | 37,900 | 32,935 | 4,965 | 30,594 |
| Supplies and Court Fees | 20,500 | 20,900 | 11,206 | 9,694 | 14,042 |
| Capital | 8,000 | 8,000 | 5,147 | 2,853 | 22,910 |
| Training and Travel | 3,000 | 3,500 | 2,070 | 1,430 | 1,285 |
| Auto | 21,500 | 24,000 | 23,885 | 115 | 19,490 |
| Total | $ 236,500 | $ 236,500 | $ 214,163 | $ 22,337 | $ 235,215 |
| Fire Department: | | | | | |
| Salaries and Taxes | $ 104,400 | $ 101,750 | $ 101,018 | $ 732 | $ 100,493 |
| Pension | 0 | 0 | 0 | 0 | 0 |
| Insurance | 9,800 | 10,800 | 9,848 | 952 | 9,040 |
| Supplies | 13,800 | 18,400 | 16,788 | 1,612 | 10,943 |
| Training and Travel | 700 | 650 | 607 | 43 | 146 |
| Capital | 6,150 | 4,150 | 4,128 | 22 | 4,128 |
| Auto | 11,250 | 9,000 | 8,919 | 81 | 9,362 |
| Utilities and Telephone | 12,200 | 13,550 | 13,212 | 338 | 12,610 |
| Total | $ 158,300 | $ 158,300 | $ 154,520 | $ 3,780 | $ 146,722 |
| Total Public Safety | $ 394,800 | $ 394,800 | $ 368,683 | $ 26,117 | $ 381,937 |

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

(Continued)

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance With Final Budget Positive | Actual |
| | Original | Final | Amounts | (Negative) | GAAP Basis |
| Streets and Maintenance: | | | | | |
| Salaries and Taxes | $ 78,600 | $ 75,550 | $ 61,360 | $ 14,190 | $ 72,735 |
| Pension | 2,100 | 2,600 | 2,116 | 484 | 3,715 |
| Insurance | 21,500 | 23,500 | 16,006 | 7,494 | 21,488 |
| Auto | 19,500 | 19,500 | 13,682 | 5,818 | 18,740 |
| Supplies and Paving | 33,100 | 33,650 | 26,721 | 6,929 | 28,964 |
| Training and Travel | 1,000 | 1,000 | 0 | 1,000 | 0 |
| Waste Tipping Fees | 13,500 | 13,500 | 12,595 | 905 | 13,019 |
| Capital | 4,300 | 4,300 | 4,265 | 35 | 2,488 |
| Total | $ 173,600 | $ 173,600 | $ 136,745 | $ 36,855 | $ 161,149 |
| Culture, Library and Recreation: | | | | | |
| Library: | | | | | |
| Contribution | $ 20,100 | $ 20,100 | $ 20,004 | $ 96 | $ 20,004 |
| Utilities and Telephone | 10,000 | 10,000 | 6,909 | 3,091 | 7,742 |
| Insurance | 1,300 | 1,300 | 1,199 | 101 | 1,185 |
| Supplies | 2,100 | 2,100 | 708 | 1,392 | 3,981 |
| DDA | 17,700 | 17,700 | 12,992 | 4,708 | 17,711 |
| Community Center | 14,400 | 14,400 | 9,636 | 4,764 | 9,542 |
| Total | $ 65,600 | $ 65,600 | $ 51,448 | $ 14,152 | $ 60,165 |
| Total | $ 757,000 | 754,500 | $ 658,379 | $ 96,121 | $ 714,624 |

## SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS

### Proprietary Funds

These supplementary statements are included to provide management additional information for financial analysis.

Water and Sewer Fund
Child Care (Day Care) Fund

CITY OF CAVE SPRING, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and Cash Investments | $ 255,156 | $ 234,068 |
| Current Portion of Long-term Receivable | 4,265 | 4,139 |
| Accounts Receivable | 201,130 | 175,870 |
| Allowance for Doubtful Accounts | (25,465) | (18,708) |
| Due from Other Funds | 30,305 | 4,232 |
| Prepaid Expenses | 7,378 | 5,695 |
| TOTAL CURRENT ASSETS | $ 472,769 | $ 405,296 |
| RESTRICTED ASSETS - CURRENT: | | |
| Sinking and Reserve Funds - Cash | $ 201,085 | $ 198,361 |
| Construction Fund - Cash | 30,252 | 30,344 |
| Customer Deposits - Cash | 54,036 | 53,538 |
| TOTAL RESTRICTED ASSETS - CURRENT | $ 285,373 | $ 282,243 |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Land/Right of Ways | $ 18,000 | $ 18,000 |
| Plant Under Construction | 0 | 0 |
| Improvements Other than Buildings | 12,602,401 | 12,578,418 |
| Machinery and Equipment | 363,672 | 363,672 |
| Total at Cost | $ 12,966,073 | $ 12,942,090 |
| Less Accumulated Depreciation | 2,354,975 | 2,062,019 |
| NET PROPERTY, PLANT AND EQUIPMENT | $ 10,611,098 | $ 10,880,071 |
| OTHER ASSETS: | | |
| Long-term Receivable Less Due Currenty | $ 98,989 | $ 103,254 |
| Bond Issuance Cost - Net of Amortization | 142,443 | 152,076 |
| TOTAL ASSETS | $ 11,628,672 | $ 11,840,940 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Notes Payable | $ 227,203 | $ 220,449 |
| Accounts Payable | 26,544 | 15,282 |
| Lease Payable | 12,099 | 14,666 |
| Accrued Expenses | 20,074 | 16,514 |
| Due to Other Funds | 0 | 0 |
| Total Current Liabilities Payable from Unrestricted Assets | $ 285,920 | $ 266,911 |
| Current Liabilities Payable from Restricted Assets: | | |
| Accounts Payable - Construction | $ 6,791 | $ 0 |
| Accrued Revenue Bond Interest | 85,000 | 7,418 |
| Current Maturities of Revenue Bonds | 54,036 | 80,000 |
| Customer Deposits | 0 | 53,538 |
| Total Current Liabilities Payable from Restricted Assets | $ 145,827 | $ 140,956 |
| Total Current Liabilities | $ 431,747 | $ 407,867 |
| Long-term Liabilities: | | |
| Revenue Bonds Payable - Net of Current Maturities | $ 723,410 | $ 806,478 |
| Note Payable - Net of Current Maturities | 4,373,523 | 4,600,726 |
| Lease Payable - Net of Current Maturities | 25,829 | 37,929 |
| Total Long-term Liabilities | $ 5,122,762 | $ 5,445,133 |
| TOTAL LIABILITIES | $ 5,554,509 | $ 5,853,000 |
| **NET POSITION** | | |
| Invested in Capital Assets - Net of Related Debt | $ 5,212,286 | $ 5,168,167 |
| Restricted for: | | |
| Bond Debt Service | 194,294 | 190,943 |
| Construction | 0 | 0 |
| Deposits Payable | 0 | 0 |
| Unreserved | 667,583 | 628,830 |
| TOTAL NET POSITION | $ 6,074,163 | $ 5,987,940 |

**CITY OF CAVE SPRING, GEORGIA**
**WATER AND SEWER FUND**
**COMPARATIVE STATEMENTS OF NET POSITION**
**JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and Cash Investments | $ 255,156 | $ 234,068 |
| Current Portion of Long-term Receivable | 4,265 | 4,139 |
| Accounts Receivable | 201,130 | 175,870 |
| Allowance for Doubtful Accounts | (25,465) | (18,708) |
| Due from Other Funds | 30,305 | 4,232 |
| Prepaid Expenses | 7,378 | 5,695 |
| TOTAL CURRENT ASSETS | $ 472,769 | $ 405,296 |
| RESTRICTED ASSETS - CURRENT: | | |
| Sinking and Reserve Funds - Cash | $ 201,085 | $ 198,361 |
| Construction Fund - Cash | 30,252 | 30,344 |
| Customer Deposits - Cash | 54,036 | 53,538 |
| TOTAL RESTRICTED ASSETS - CURRENT | $ 285,373 | $ 282,243 |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Land/Right of Ways | $ 18,000 | $ 18,000 |
| Plant Under Construction | 0 | 0 |
| Improvements Other than Buildings | 12,602,401 | 12,578,418 |
| Machinery and Equipment | 363,672 | 363,672 |
| Total at Cost | $ 12,966,073 | $ 12,942,090 |
| Less Accumulated Depreciation | 2,354,975 | 2,062,019 |
| NET PROPERTY, PLANT AND EQUIPMENT | $ 10,611,098 | $ 10,880,071 |
| OTHER ASSETS: | | |
| Long-term Receivable Less Due Currenty | $ 98,989 | $ 103,254 |
| Bond Issuance Cost - Net of Amortization | 142,443 | 152,076 |
| TOTAL ASSETS | $ 11,628,672 | $ 11,840,940 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Notes Payable | $ 227,203 | $ 220,449 |
| Accounts Payable | 26,544 | 15,282 |
| Lease Payable | 12,099 | 14,666 |
| Accrued Expenses | 20,074 | 16,514 |
| Due to Other Funds | 0 | 0 |
| Total Current Liabilities Payable from Unrestricted Assets | $ 285,920 | $ 266,911 |
| Current Liabilities Payable from Restricted Assets: | | |
| Accounts Payable - Construction | $ 0 | $ 0 |
| Accrued Revenue Bond Interest | 6,791 | 7,418 |
| Current Maturities of Revenue Bonds | 85,000 | 80,000 |
| Customer Deposits | 54,036 | 53,538 |
| Total Current Liabilities Payable from Restricted Assets | $ 145,827 | $ 140,956 |
| Total Current Liabilities | $ 431,747 | $ 407,867 |
| Long-term Liabilities: | | |
| Revenue Bonds Payable - Net of Current Maturities | $ 723,410 | $ 806,478 |
| Note Payable - Net of Current Maturities | 4,373,523 | 4,600,726 |
| Lease Payable - Net of Current Maturities | 25,829 | 37,929 |
| Total Long-term Liabilities | $ 5,122,762 | $ 5,445,133 |
| TOTAL LIABILITIES | $ 5,554,509 | $ 5,853,000 |
| **NET POSITION** | | |
| Invested in Capital Assets - Net of Related Debt | $ 5,212,286 | $ 5,168,167 |
| Restricted for: | | |
| Bond Debt Service | 194,294 | 190,943 |
| Construction | 0 | 0 |
| Deposits Payable | 0 | 0 |
| Unreserved | 667,583 | 628,830 |
| TOTAL NET POSITION | $ 6,074,163 | $ 5,987,940 |

**CITY OF CAVE SPRING, GEORGIA**
**WATER AND SEWER FUND**
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**
**YEARS ENDED JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| OPERATING REVENUES: | | |
| Charges and Fees | $ 1,090,591 | $ 1,006,544 |
| Other Revenue | 2,789 | 112,620 |
| TOTAL OPERATING REVENUES | $ 1,093,380 | $ 1,119,164 |
| OPERATING EXPENSES: | | |
| Personnel Services | $ 268,393 | $ 269,332 |
| Purchase of Services | 56,444 | 37,371 |
| Materials and Supplies | 113,649 | 167,995 |
| Depreciation | 304,521 | 302,801 |
| Utilities | 82,022 | 86,973 |
| TOTAL OPERATING EXPENSES | $ 825,029 | $ 864,472 |
| OPERATING INCOME (LOSS) | $ 268,351 | $ 254,692 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest Income | $ 3,853 | $ 2,951 |
| Debt Service - Interest Expense | (185,417) | (201,889) |
| Disposal of Assets - Net | 0 | 0 |
| Grants: | | |
| Federal | 0 | 0 |
| State | 0 | 0 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | $ (181,564) | $ (198,938) |
| INCOME (LOSS) BEFORE TRANSFERS | $ 86,786 | $ 55,754 |
| TRANSFERS IN/(OUT) | (563) | (848) |
| CHANGE IN NET POSITION | $ 86,223 | $ 54,906 |
| NET POSITION - JULY 1 | 5,987,940 | 5,933,034 |
| NET POSITION - JUNE 30 | $ 6,074,163 | $ 5,987,940 |

**CITY OF CAVE SPRING, GEORGIA**
**WATER AND SEWER FUND**
**COMPARATIVE STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | $ 1,074,876 | $ 1,120,895 |
| Cash payments to supplies for goods and services | (242,536) | (389,142) |
| Cash payments to employees for services | (268,393) | (270,399) |
| Cash payments (to) from other funds | (25,575) | 165,991 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ 538,372 | $ 627,345 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Transfers - in(out) | $ (563) | $ (848) |
| Grants and Contributions | 0 | 0 |
| NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | $ (563) | $ (848) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Aquisition and construction of capital assets | $ (23,983) | $ (33,402) |
| (Decrease)/Increase in Construction Debt | 0 | 0 |
| Grants and Contributions Received | 0 | 0 |
| Loan Cost | 0 | 0 |
| Proceeds from Sale of Equipment | 0 | 0 |
| Note Proceeds | 0 | 19,548 |
| Transfers - in (Out) | 0 | 0 |
| Reduction of Bond Debt Principal - Net | (80,000) | (75,000) |
| Reduction of Note Payable Principal | (220,449) | (213,827) |
| Reduction of Lease Contracts - Principal | (14,667) | (14,762) |
| Interest Paid on Bonds and Notes | (182,484) | (197,300) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING FINANCES | $ (521,583) | $ (514,743) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Long-term Receivable - Net | $ 4,139 | $ (107,393) |
| Interest on Cash and Cash Investments | 3,853 | 2,951 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | $ 7,992 | $ (104,442) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | $ 24,218 | $ 7,312 |
| CASH AND CASH EQUIVALENTS - JULY 1 | 516,311 | 508,999 |
| CASH AND CASH EQUIVALENTS - JUNE 30 | $ 540,529 | $ 516,311 |

**CITY OF CAVE SPRING, GEORGIA**
**WATER AND SEWER FUND**
**COMPARATIVE STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities: | | |
| Income (Loss) from operations | $ 268,350 | $ 254,692 |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | |
| Depreciation | 292,956 | 291,235 |
| Amortization | 11,565 | 11,566 |
| Allowance for doubtful accounts | 6,757 | 7,532 |
| Change in assests and liabilities: | | |
| (Increase) in Accounts Receivable | (25,260) | (6,987) |
| Increase (Decrease) in Accounts Payable and Accruals | 11,262 | (97,985) |
| (Increase) Decrease in Prepaid Expense | (1,683) | 115 |
| (Increase) Decrease in Payment (to) from other funds | (26,073) | 165,991 |
| Increase (Decrease) in Deposits | 498 | 1,186 |
| Net Cash Provided (Used) by Operating Activities | $ 538,372 | $ 627,345 |
| Reconciliation of Total Cash and Cash Equivalents: | | |
| Current Assets - Cash and Cash Equivalents | $ 255,156 | $ 234,068 |
| Restricted Assets - Cash and Cash Equivalents | 285,373 | 282,243 |
| Total Cash and Cash Investments | $ 540,529 | $ 516,311 |
| NON CASH TRANSACTION | | |
| Purchase of Equipment: | | |
| Cost | $ 0 | $ (33,402) |
| Loan Proceeds | 0 | 19,548 |
| Net Cash Payment | $ 0 | $ (13,854) |

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and Cash Investments | $ 0 | $ 0 |
| Due from Other Governments | 1,315 | 2,013 |
| Accounts Receivable | 5,247 | 6,488 |
| Due from Other Funds | 0 | 0 |
| Prepaid Expenses | 977 | 922 |
| TOTAL CURRENT ASSETS | $ 7,539 | $ 9,423 |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Buildings | $ 541,112 | $ 541,112 |
| Machinery and Equipment | 29,041 | 29,041 |
| Total at Cost | $ 570,153 | $ 570,153 |
| Less Accumulated Depreciation | 199,468 | 186,117 |
| NET PROPERTY, PLANT AND EQUIPMENT | $ 370,685 | $ 384,036 |
| TOTAL ASSETS | $ 378,224 | $ 393,459 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | $ 2,182 | $ 1,717 |
| Accrued Expenses | 5,032 | 9,082 |
| Due to Other Funds | 56,593 | 51,937 |
| Total Current Liabilities | $ 63,807 | $ 62,736 |
| TOTAL LIABILITIES | $ 63,807 | $ 62,736 |
| NET POSITION | | |
| Invested in Capital Assets - Net of Related Debt | $ 370,685 | $ 384,036 |
| Restricted | 0 | 0 |
| Unrestricted | (56,268) | (53,313) |
| TOTAL NET POSITION | $ 314,417 | $ 330,723 |

**CITY OF CAVE SPRING, GEORGIA**
**CHILD CARE FUND**
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**
**YEARS ENDED JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| OPERATING REVENUES: | | |
| Charges and Fees | $ 79,026 | $ 91,864 |
| Other Revenue | 366 | 821 |
| TOTAL OPERATING REVENUES | $ 79,392 | $ 92,685 |
| OPERATING EXPENSES: | | |
| Personnel Services | $ 102,922 | $ 126,826 |
| Purchase of Services | 5,086 | 4,832 |
| Materials and Supplies | 18,571 | 17,031 |
| Depreciation | 13,350 | 13,350 |
| Utilities | 10,299 | 10,860 |
| TOTAL OPERATING EXPENSES | $ 150,228 | $ 172,899 |
| OPERATING INCOME (LOSS) | $ (70,836) | $ (80,214) |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest Income | $ 0 | $ 0 |
| Contributions | 25,284 | 22,708 |
| Grants: | | |
| Federal | 15,586 | 20,886 |
| State | 13,661 | 13,984 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | $ 54,531 | $ 57,578 |
| INCOME (LOSS) BEFORE TRANSFERS | $ (16,305) | $ (22,636) |
| TRANSFERS IN/(OUT) | 0 | 0 |
| CHANGE IN NET ASSETS | $ (16,305) | $ (22,636) |
| NET POSITION - JULY 1 | 330,723 | 353,359 |
| NET POSITION - JUNE 30 | $ 314,418 | $ 330,723 |

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | $ 80,633 | $ 93,254 |
| Cash payments to supplies for goods and services | (33,547) | (32,515) |
| Cash payments to employees for services | (106,972) | (126,826) |
| Cash payments (to) from other funds | 4,656 | 8,723 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ (55,230) | $ (57,364) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Transfers - in | $ 0 | $ 0 |
| Grants and Contributions | 55,230 | 57,324 |
| NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | $ 55,230 | $ 57,324 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Aquisition and construction of capital assets | $ 0 | $ 0 |
| Increase in Construction Debt | 0 | 0 |
| Reduction of Bond Debt Principal - Net | 0 | 0 |
| Reduction of Note Payable Principal | 0 | 0 |
| Note Proceeds | 0 | 0 |
| Grant Proceeds for Construction | 0 | 0 |
| Reduction of Lease Contracts - Principal | 0 | 0 |
| Interest Paid on Bonds and Notes | 0 | 0 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | $ | $ 0 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on Cash and Cash Equivalents | $ 0 | $ 0 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | $ 0 | $ (40) |
| CASH AND CASH EQUIVALENTS - JULY 1 | 0 | 40 |
| CASH AND CASH EQUIVALENTS - JUNE 30 | 0 | 0 |

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities: | | |
| Income (Loss) from operations | $ (70,836) | $ (80,214) |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | |
| Depreciation | 13,350 | 13,350 |
| Change in assests and liabilities: | | |
| (Increase) Decrease in Accounts Receivable - Customers | 1,241 | 569 |
| Increase (Decrease) in Accounts Payable and Accrued Expenses | (3,586) | 192 |
| (Increase) Decrease in Prepaid Expense | (55) | 16 |
| (Increase) Decrease in Payment (to) from other funds | 4,656 | 8,723 |
| Net Cash Provided (Used) by Operating Activities | $ (55,230) | $ (57,364) |
| Reconciliation of Total Cash and Cash Equivalents: | | |
| Current Assets - Cash and Cash Equivalents | $ 0 | $ 0 |
| Restricted Assets - Cash and Cash Equivalents | 0 | 0 |
| Total Cash and Cash Equivalents | $ 0 | $ 0 |

# COMPONENT UNIT

# DOWNTOWN DEVELOPMENT AUTHORITY

CITY OF CAVE SPRING, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF CAVE SPRING, GEORGIA
BALANCE SHEET - GENERAL FUND
JUNE 30, 2013

| | General |
|---|---|
| **Assets** | |
| Cash and Cash Investments | $ 6,663 |
| Total Assets | $ 6,663 |
| **Liabilities and Fund Balance** | |
| Liabilities | $ 0 |
| Total Liabilities | $ 0 |
| Fund Balances: | |
| Unassigned | 6,663 |
| Total Fund Balances | $ 6,663 |
| Total Liabilities and Fund Balances | $ 6,663 |

**See accompanying notes to the financial statements.**

**CITY OF CAVE SPRING, GEORGIA**
**DOWNTOWN DEVELOPMENT AUTHORITY**
**A COMPONENT UNIT OF CAVE SPRING, GEORGIA**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**
**TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2013**

| | | |
|---|---|---|
| Total DDA Fund Balance | $ | 6,663 |
| Amounts Reported for Governmental Activities in the Statements of Net Assets - Differences: | | |
| Capital Assets used in governmental activities are not current financial resources, and therefore, not reported in the DDA Governmental Fund Balance Sheet | | 58,840 |
| Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental fund Balance Sheet | | (30,600) |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | $ | 34,903 |

**See accompanying notes to the financial statements.**

CITY OF CAVE SPRING, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF CAVE SPRING, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED JUNE 30, 2013

| | General |
|---|---|
| Revenues: | |
| Miscellaneous and Fund Raising | $ 34,757 |
| Total Revenue | $ 34,757 |
| Expenditures: | |
| Current: | |
| Culture and Recreation | $ 32,685 |
| Non-Current: | |
| Capital Outlay | 0 |
| Total Expenditures | $ 32,685 |
| Net Change in Fund Balance | $ 2,072 |
| Other Financing Sources (Uses): | |
| Proceeds from Long-term Leases | $ 0 |
| Transfers In (Out) | 0 |
| Total Other Financing Sources (Uses) | $ 0 |
| Net Change in Fund Balance and Other Sources (Uses) | $ 2,072 |
| Fund Balance at Beginning of Year | 4,591 |
| Fund Balance at End of Year | $ 6,663 |

**See accompanying notes to the financial statements.**

CITY OF CAVE SPRING, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF CAVE SPRING, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

| | | |
|---|---|---|
| Net Change in Fund Balances - General Fund | $ | 2,072 |
| Amounts Reported for Governmental Activities in Statement of Activities - Differences: | | |
| Reduction of Long Term Debt | $ | 10,200 |
| Depreciation | | (1,783) |
| Total | $ | 8,417 |
| Change in net position of Governmental Activities | $ | 10,489 |

**See accompanying notes to the financial statements.**

**CITY OF CAVE SPRING, GEORGIA**
**DOWNTOWN DEVELOPMENT AUTHORITY**
**A COMPONENT UNIT OF CAVE SPRING, GEORGIA**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCE**
**BUDGET (GAAP BASIS) AND ACTUAL**
**YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| REVENUES: | | | | |
| Other | $ 35,000 | $ 35,000 | $ 34,757 | $ (243) |
| TOTAL REVENUES | $ 35,000 | $ 35,000 | $ 34,757 | $ (243) |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| Culture and Recreation | $ 35,000 | $ 35,000 | $ 32,685 | $ 2,315 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | $ 35,000 | $ 35,000 | $ 32,685 | $ 2,315 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | $ 0 | $ 0 | $ 2,072 | $ 2,072 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from Long-term Lease Obligations | $ 0 | $ 0 | $ 0 | $ 0 |
| Sale of Assets | 0 | 0 | 0 | 0 |
| Transfers In/(Out) | 0 | 0 | 0 | 0 |
| TOTAL OTHER FINANCING SOURCES (USES) | $ 0 | $ 0 | $ 0 | $ 0 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | $ 0 | $ 0 | $ 2,072 | $ 2,072 |
| FUND BALANCE, JULY 1 | 4,591 | 4,591 | 4,591 | 0 |
| FUND BALANCE, JUNE 30 | $ 4,591 | $ 4,591 | $ 6,663 | $ 2,072 |

**See accompanying notes to the financial statements.**

# FEDERAL AND STATE COMPLIANCE

# FINNEY & ASSOCIATES CPA'S, P.C.

Certified Public Accountants

Jimmy F. Finney, CPA
Debra S. Kernes, CPA

Member:
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants


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

To the Honorable Mayor and
Members of the City Council
City of Cave Spring, 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 unit, each major fund, and the aggregate remaining fund information of City of Cave Spring, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Cave Spring, Georgia's basic financial statements and have issued our report thereon dated November 28, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Cave Spring, 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 on the effectiveness of City of Cave Spring, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cave Spring, Georgia's internal control.

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

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

**Compliance and Other Matters**

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



P. O. Box 1190, 104 East Third Street, Rome, Georgia 30162-1190
Telephone: 706-295-0657 Facsimile: 706-234-5074 E-Mail: Finneycpa@aol.com

**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.

Finney & Associates CPAs, P.C.

Rome, Georgia
November 28, 2013

CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS -SEE NOTE B
FOR THE YEAR ENDED JUNE 30, 2013

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR'S NUMBER | PROGRAM OR AWARD AMOUNT |
|---|---|---|---|
| U. S. DEPARTMENT OF AGRICULTURE | | | |
| PASS-THROUGH STATE DEPARTMENT OF EDUCATION: | | | |
| Adult and Child Care Food Program | 10.558 | C12-115-04019 | $ 19,622 |
| Adult and Child Care Food Program | 10.558 | C13-115-04019 | 12,271 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | $ 31,893 |
| TOTAL FEDERAL ASSISTANCE | | | $ 31,893 |

Note A - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cave Spring, Georga and is presented on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the financial statements.

**The accompanying notes are an integral part of this statement.**

| CASH AT 06-30-12 | REVENUES | EXPENDI-TURES | CASH AT 06-30-13 |
|---|---|---|---|
| $ 0 | $ 3,951 | $ 3,951 | $ 0 |
| 0 | 12,271 | 12,271 | 0 |
| $ 0 | $ 16,222 | $ 16,222 | $ 0 |
| $ 0 | $ 16,222 | $ 16,222 | $ 0 |

**The accompanying notes are an integral part of this statement.**

CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

| PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR'S NUMBER | PROGRAM OR AWARD AMOUNT |
|---|---|---|---|
| Georgia Department of Transportation: | | | |
| Trailway Grant | N/A | N/A | 91,403 |
| TOTAL STATE ASSISTANCE | | | $ 91,403 |

The accompanying notes are an integral part of this statement.

| CASH AT 07-01-12 | REVENUES | EXPENDI-TURES | CASH AT 06-30-13 |
|---|---|---|---|
| 0 | 43,309 | 43,309 | 0 |
| $ 0 | $ 43,309 | $ 43,309 | $ 0 |

Note A - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cave Spring, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

# FINNEY & ASSOCIATES CPA'S, P.C.

Certified Public Accountants

Jimmy F. Finney, CPA
Debra S. Kernes, CPA

Member:
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants


## INDEPENDENT AUDITORS' REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

To the Mayor and Council
City of Cave Spring, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Cave Spring, Georgia, for the year ended June 30, 2013. This schedule is the responsibility of the City of Cave Spring's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the *accrual basis of accounting used for the SPLOST schedule* as described in Note 1C and is not intended to be a complete presentation of City of Cave Spring, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in City of Cave Spring, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

Finney & Associates CPAs, P.C.

Rome, Georgia
November 28, 2013



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CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
JUNE 30, 2013

| Contracts 04-01-08 To 06-30-11 | Original Estimated Cost | Revised Estimated Cost | Expenditures Prior Years | Expenditures Current Year | Expenditures Total | Estimated Percent of Completion |
|---|---|---|---|---|---|---|
| Public Safety: Fire Station Building and Equipment | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | 99.99% |
| Culture and Recreation: Senior and Community Center Restoration | 0 | 0 | 0 | 0 | 0 | 100.00% |
| Total | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | 99.99% |
| **Contract - 2009 2009-2010** | | | | | | |
| Water Project Improvements | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | 100.00% |

The accompanying notes are an integral part of this statement.