CITY OF CAVE SPRING, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CITY OF CAVE SPRING, GEORGIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2014, 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

Required Supplementary Information

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, 2014, 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.

Turner & Associates CPAs, P.C.

Rome, Georgia
November 28, 2014

OF CAVE SPRING, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(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, 2014. 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 $ 14,000. Water and sewer charges for revenue decreased by $ 32,000 primarily through charges and fees to customers. Water and Sewer expenses remained about the same before depreciation and interest. Interest expense decreased by $ 10,700 and depreciation increased by $ 2,000.

2. The City's general fund experienced an overall increase in revenue of $ 62,000. Expenditures increased $ 66,000 primarily as a result of an increase in Public Safety expenditures. A payment of $ 50,000 was made to Floyd County for repayment of excess SPLOST payments in a prior year.

3. The Child Care Center revenues decreased by $ 4,000 due to a decrease in revenues from both state and federal payments for services. Expenses decreased by $ 7,600 before depreciation. Net Assets decreased by $ 7,800. There were no capital expenditures in 2014.

4. The City's Downtown Development Authority had revenue of $ 49,000 and made expenditures of $ 46,000. The DDA is included as a component unit. Payments of $ 9,800 were made on the principal part of the long-term debt from the purchase of the building in 2011.

5. Included in other revenue as operating grants are funds received from Floyd County/DOT. This amount has not been used. The SPLOST project approved in 2013 is shown in the Capital Project Funds: $34,000 in revenue and $83,000 in expenditures.

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 Position 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 Position 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, 2014 and 2013, 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

	2014			2013		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
Current and Other Assets	$ 871,612	$ 969,134	$ 1,840,746	$ 879,055	$ 950,521	$ 1,829,576
Capital Assets	2,614,521	10,707,602	13,322,123	2,655,207	10,999,783	13,654,990
Total Assets	$ 3,486,133	$ 11,676,736	$ 15,162,869	$ 3,534,262	$ 11,950,304	$ 15,484,566
Long-term Debt Outstanding	$ 143,572	$ 5,034,696	$ 5,178,268	$ 206,906	$ 5,362,064	$ 5,568,970
Other Liabilities	88,124	198,442	286,566	34,665	199,659	234,324
Total liabilities	$ 231,696	$ 5,233,138	$ 5,464,834	$ 241,571	$ 5,561,723	$ 5,803,294
Net Position:						
Net Investment in Capital Assets	$ 2,470,949	$ 5,588,060	$ 8,059,009	$ 2,448,301	$ 5,582,971	$ 8,031,272
Restricted	0	197,630	197,630	0	194,294	194,294
Unrestricted	783,488	657,908	1,441,396	844,390	611,316	1,455,706
Total Net Position	$ 3,254,437	$ 6,443,598	$ 9,698,035	$ 3,292,691	$ 6,388,581	$ 9,681,272

The City as a Whole – Continued

Table 2
Changes in Net Position

	2014			2013		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$ 188,526	$ 1,145,258	$ 1,333,784	$ 178,794	$ 1,172,772	$ 1,351,566
Operating and Capital Grants	169,524	45,846	215,370	139,506	54,531	194,037
General Revenues:			0			
Sales Tax	272,645	0	272,645	258,284	0	258,284
Franchise and Other Taxes	175,671	0	175,671	172,397	0	172,397
Other Revenues	9,510	3,584	13,094	8,660	3,853	12,513
Total Revenues	$ 815,876	$ 1,194,688	$ 2,010,564	$ 757,641	$ 1,231,156	$ 1,988,797
Program Expenditures:						
General Government	$ 230,326	$ 0	$ 230,326	$ 126,418	$ 0	$ 126,418
Public Safety	411,679	0	411,679	395,555	0	395,555
Streets and Maintenance	139,439	0	139,439	138,487	0	138,487
Culture and Recreation	68,095	0	68,095	112,931	0	112,931
Water and Sewer	0	1,001,688	1,001,688	0	1,010,446	1,010,446
Day Care Center	0	142,573	142,573	0	150,229	150,229
Total Program Expenditures	$ 849,539	$ 1,144,261	$ 1,993,800	$ 773,391	$ 1,160,675	$ 1,934,066
Excess (deficiency) before Special and Extraordinary Items and Transfers	$ (33,663)	$ 50,427	$ 16,764	$ 0	$ 0	$ 0
Transfers in (out)	(4,591)	4,591	0	563	(563)	0
Increase (Decrease) in Net Position	$ (38,254)	$ 55,018	$ 16,764	$ (15,187)	$ 69,918	$ 54,731
Net Position - Beginning	3,292,691	6,388,580	9,681,271	3,307,878	6,318,663	9,626,541
Net Position - Ending	$ 3,254,437	$ 6,443,598	$ 9,698,035	$ 3,292,691	$ 6,388,581	$ 9,681,272

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

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government and Other	$ 299,329	$ (234,701)	$ 239,349	$ (169,572)
Police Department	233,956	(225,956)	211,224	(197,020)
Fire Department	176,815	22,296	184,064	(28,923)
Streets and Maintenance	139,439	(53,128)	138,754	(59,576)
Total	$ 849,539	$ (491,489)	$ 773,391	$ (455,091)

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 $ 36,468, and expenses before depreciation and interest decreased by $ 5,679. Major causes of these changes were as follows:

Table 4
Business-Type Activities

	Increase(Decrease)					
	2014			2013		
	Water & Sewer	Child Care	Net	Water & Sewer	Child Care	Net
Revenue:						
Operating	$ (32,282)	$ 4,499	$ (27,783)	$ (25,784)	$ (13,293)	$ (39,077)
Contributions and Grants	0	(8,685)	(8,685)	0	(3,047)	(3,047)
Net	$ (32,282)	$ (4,186)	$ (36,468)	$ (25,784)	$ (16,340)	$ (42,124)
Expenses:						
Operating - Less Depreciation	$ 1,976	$ (7,655)	$ (5,679)	$ (41,163)	$ (22,670)	$ (63,833)
Depreciation	(4)	0	(4)	1,720	0	1,720
Net	$ 1,972	$ (7,655)	$ (5,683)	$ (39,443)	$ (22,670)	$ (62,113)

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	
	2014	2013	2014	2013
Revenues:				
Charges and Fees	$ 1,061,367	$ 1,093,380	$ 83,891	$ 79,392
Other Revenues and Grants	3,584	3,853	45,846	54,531
Total Revenues	$ 1,064,951	$ 1,097,233	$ 129,737	$ 133,923
Expenses:				
Operating Expenses Excluding Depreciation	$ 524,416	$ 520,508	$ 129,223	$ 136,879
Depreciation	302,586	304,521	13,350	13,350
Interest Expense	174,686	185,417	0	0
Total Expenses	$ 1,001,688	$ 1,010,446	$ 142,573	$ 150,229
Income (Loss) before Transfer	$ 63,263	$ 86,787	$ (12,836)	$ (16,306)
Transfer -In	(409)	(563)	5,000	0
Change in Net Position	$ 62,854	$ 86,224	$ (7,836)	$ (16,306)

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 $ 780,717 which is less than last year's total of $ 841,618.

The City receives payments from the County government as reimbursement for operations of the fire department. The amount received in 2014 and 2013 was $ 121,388 and $ 85,745, respectively. The increase was the cost of an auto for the fire department.

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 $ 29,492 under the final budget amounts. The most significant variance occurred in the City's Street and Maintenance ($ 30,957 under budget). In addition the City reimbursed to the County $ 50,000 toward debt reduction of a prior year obligation. This was a nonbudgeted expenditure.

Resources available for expenses were $ 17,922 over the final budgeted amount. This included $ 35,643 ear marked for an auto for the fire department.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014 the City had $ 13.3 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)

	2014			2013		
	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	2,076,833	357,169	2,434,002	2,132,449	370,472	2,502,921
Equipment	353,498	98,730	452,228	338,569	103,028	441,597
Infrastructure	0	10,233,703	10,233,703	0	10,508,285	10,508,285
Construction in Progress	0	0	0	0	0	0
Totals	$ 2,614,521	$ 10,707,602	$ 13,322,123	$ 2,655,208	$ 10,999,785	$ 13,654,993

Debt

At year-end, the City had $ 5.26 million in bonds and notes outstanding versus $ 5.65 million last year as shown in Table 7. See notes 4 and 5 for additional information.

Table 7
Outstanding Debt at Year-end

	2014			2013		
	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	$ 725,342	$ 725,342	$ 0	$ 808,410	$ 808,410
Note payable to GEFA secured by infracture of the system	0	4,373,524	4,373,524	0	4,600,726	4,600,726
Leases payable for equipment secured by equipment	11,705	25,829	37,534	25,039	37,928	62,967
Other Long-Term Debt	131,867	0	131,867	181,167	0	181,167
Total	$ 143,572	$ 5,124,695	$ 5,268,267	$ 206,206	$ 5,447,064	$ 5,653,270

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 collected. 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 amount paid in 2014 to the County was $ 50,000.

The voters approved a new 1% special local option sales tax for Cave Spring in the amount of $2.6 million. The revenue will be derived from SPLOST taxes. The purpose of the SPLOST project is to renovate the existing administration building and will cost approximately $2.3 million. Taxes will be collected by the County and allocated to the City as provided in the ordinance. In order for the project to be completed in a shorter time period, a loan has been approved by lending authorities. This loan will be repaid as SPLOST revenues are received.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Cash Investments	$ 749,177	$ 264,473	$ 1,013,650	$ 9,367
Receivables (net of allowance for doubtful accounts):				
Taxes	41,484	0	41,484	0
Accounts	43,988	167,734	211,722	0
Other	57,737	0	57,737	0
Internal Balances	(33,814)	33,814	0	0
Due from Other Governments	0	970	970	0
Prepaid Items	13,040	8,025	21,065	0
Restricted Assets:				
Cash and Cash Investments	0	262,321	262,321	0
Long-term Receivable	0	98,989	98,989	
Deferred Charges	0	132,808	132,808	0
Capital Assets:				
Buildings	$ 3,181,544	$ 541,112	$ 3,722,656	$ 62,406
Equipment	786,781	406,833	1,193,614	0
Improvements	35,310	0	35,310	0
Infrastructive	0	12,602,401	12,602,401	0
Accumulated Depreciation	(1,573,304)	(2,860,744)	(4,434,048)	(5,349)
Net of Depreciation	$ 2,430,331	$ 10,689,602	$ 13,119,933	$ 57,057
Construction in Process	$ 0	$ 0	$ 0	$ 0
Land	184,190	18,000	202,190	0
Total Assets	$ 3,486,133	$ 11,676,736	$ 15,162,869	$ 66,424
Liabilities				
Accounts Payable	$ 78,908	$ 28,752	$ 107,660	$ 0
Accrued Expenses	1,969	20,160	22,129	0
Due to Other Governments	7,247	0	7,247	0
Payable from Restricted Assets:			0	0
Deposits	0	53,405	53,405	0
Current Portion of Long-term Debt	0	90,000	90,000	0
Accrued Interest	0	6,125	6,125	0
Non-Current Liabilities:			0	0
Due Within One Year	5,817	246,736	252,553	5,000
Due In More Than One Year	5,888	4,787,960	4,793,848	15,792
Due to Other Governments	131,867	0	131,867	0
Total Liabilities	$ 231,696	$ 5,233,138	$ 5,464,834	$ 20,792
Net Position				
Net Investment in Capital Assets	$ 2,470,949	$ 5,588,060	$ 8,059,009	$ 36,265
Restricted for:				
Debt Service	0	197,637	197,637	0
Unrestricted	783,488	657,901	1,441,389	9,367
Total Net Position	$ 3,254,437	$ 6,443,598	$ 9,698,035	$ 45,632

See accompanying notes to the basic financial statements.

CITY OF CAVE SPRING, GEORGIA
GOVERNMENT - WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	$ 230,326	$ 15,408	$ 0	$ 34,660
Public Safety	410,771	85,723	85,745	35,643
Streets and Maintenance	139,439	72,835	13,476	0
Culture and Recreation	68,095	14,560	0	0
Interest on Long-term Debt	908	0	0	0
Total Governmental Activities	$ 849,539	$ 188,526	$ 99,221	$ 70,303
Business-type Activities:				
Water and Sewer	$ 1,001,688	$ 1,061,367	$ 0	$ 0
Day Care Center	142,573	83,891	45,846	0
Total Business-type Activities	$ 1,144,261	$ 1,145,258	$ 45,846	$ 0
Total Primary Government	$ 1,993,800	$ 1,333,784	$ 145,067	$ 70,303
Component Unit:				
Culture and Recreation	$ 38,847	$ 49,576	$ 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
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
$ (180,258)	$ 0	$ (180,258)	
(203,660)	0	(203,660)	
(53,128)	0	(53,128)	
(53,535)	0	(53,535)	
(908)	0	(908)	
$ (491,489)	$ 0	$ (491,489)	
$ 0	$ 59,679	$ 59,679	
0	(12,836)	(12,836)	
$ 0	$ 46,843	$ 46,843	
$ (491,489)	$ 46,843	$ (444,646)	
			$ 10,729
$ 272,645	$ 0	$ 272,645	$ 0
25,440	0	25,440	0
150,231	0	150,231	0
428	3,584	4,012	0
9,082	0	9,082	0
$ 457,826	$ 3,584	$ 461,410	$ 0
(4,591)	4,591	0	0
$ 453,235	$ 8,175	$ 461,410	$ 0
$ (38,254)	$ 55,018	$ 16,764	$ 10,729
$ 3,292,691	$ 6,388,580	$ 9,681,271	$ 34,903
$ 3,254,437	$ 6,443,598	$ 9,698,035	$ 45,632

CITY OF CAVE SPRING, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Investments	$ 640,500	$ 108,677	$ 749,177
Receivables (Net of Allowance for Doubtful Assets):			
Other Taxes	41,484	0	41,484
Accounts	43,988	0	43,988
Other	57,228	509	57,737
Prepaid Expenditures	13,040	0	13,040
Internal Balances	116,873	0	116,873
Total Assets	$ 913,113	$ 109,186	$ 1,022,299
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	$ 64,744	$ 14,164	$ 78,908
Accrued Expenses	1,969	0	1,969
Internal Balances	90,334	60,353	150,687
Due to Other Governments	7,247	0	7,247
Deferred Revenue	2,771	0	2,771
Total Liabilities	$ 167,065	$ 74,517	$ 241,582
Fund Balances:			
Nonspendable Funds - Prepaid Expenditures	$ 13,040	$ 0	$ 13,040
Assigned Funds - Grant Funds	0	13,577	13,577
Assigned Funds - Other Special Revenue Funds	0	21,092	21,092
Unassigned Funds - General Fund	733,008	0	733,008
Total Fund Balances	$ 746,048	$ 34,669	$ 780,717
Total Liabilities and Fund Balances	$ 913,113	$ 109,186	$ 1,022,299

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, 2014

Total Fund Balance - Total Governmental Funds	$	780,717
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.		2,614,521
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		(5,817)
Due in more than one year		(5,888)
Due to Other governments - Long-Term		(131,867)
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	$	3,254,437

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Sales	$ 272,645	$ 34,660	$ 307,305
Franchise and Insurance	172,355	3,316	175,671
Licenses and Permits	13,380	0	13,380
Intergovernmental Revenues	121,388	13,476	134,864
Charges for Services	165,550	0	165,550
Fines and Forfeitures	8,820	776	9,596
Investment Income	428	0	428
Miscellaneous	7,356	239	7,595
Total Revenue	$ 761,922	$ 52,467	$ 814,389
Expenditures:			
Current:			
General Government	$ 111,662	$ 97,304	$ 208,966
Public Safety	422,460	74	422,534
Streets and Maintenance	140,043	0	140,043
Culture and Recreation	50,643	0	50,643
Debt Service:			
Principal Retirement	0	0	0
Interest Charges	0	0	0
Non-Current:			
Capital Outlay	0	0	0
Total Expenditures	$ 724,808	$ 97,378	$ 822,186
Net Change in Fund Balance	$ 37,114	$ (44,911)	$ (7,797)
Other Financing Sources (Uses):			
Proceeds from Long-term Leases	$ 0	$ 0	$ 0
Reimbursement to Other Governments	(50,000)	0	(50,000)
Sale of Assets	1,487	0	1,487
Transfers In (Out)	(4,591)	0	(4,591)
Total Other Financing Sources (Uses)	$ (53,104)	$ 0	$ (53,104)
Net Change in Fund Balance & Other Sources (Uses):	$ (15,990)	$ (44,911)	$ (60,901)
Fund Balance at Beginning of Year	762,038	79,580	841,618
Fund Balance at End of Year	$ 746,048	$ 34,669	$ 780,717

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, 2014

Net Change in Fund Balances - Total Governmental Funds	$	(60,901)
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.		35,643
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.		(76,329)
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.		63,333
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	$	(38,254)

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, 2014

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 458,150	$ 458,150	$ 445,000	$ (13,150)
Licenses and Permits	14,000	14,000	13,380	(620)
Grants and Receipts from Other Governments	84,000	84,000	121,388	37,388
Charges for Services	165,250	165,250	165,550	300
Fines and Forfeits	20,000	20,000	8,820	(11,180)
Interest	600	600	428	(172)
Other	2,800	2,800	7,356	4,556
TOTAL REVENUES	$ 744,800	$ 744,800	$ 761,922	$ 17,122
EXPENDITURES:				
CURRENT:				
General Government	$ 117,400	$ 116,900	$ 111,662	$ 5,238
Public Safety	403,500	403,500	422,460	(18,960)
Streets and Maintenance	171,000	171,000	140,043	30,957
Culture and Recreation	62,900	62,900	50,643	12,257
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	$ 754,800	$ 754,300	$ 724,808	$ 29,492
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (10,000)	$ (9,500)	$ 37,114	$ 46,614
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-term Lease Obligations	$ 0	$ 0	$ 0	$ 0
Reimbursements to Other Governments	0	0	(50,000)	(50,000)
Sale of Assets	15,000	15,000	1,487	(13,513)
Transfers In/(Out)	(5,000)	(5,500)	(4,591)	909
TOTAL OTHER FINANCING SOURCES (USES)	$ 10,000	$ 9,500	$ (53,104)	$ (62,604)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 0	$ 0	$ (15,990)	$ (15,990)
FUND BALANCE, JULY 1 - ADJUSTED	762,038	762,038	762,038	0
FUND BALANCE, JUNE 30	$ 762,038	$ 762,038	$ 746,048	$ (15,990)

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, 2014

ASSETS	WATER AND SEWER FUND	CHILD CARE FUND	TOTAL
CURRENT ASSETS:			
Cash and Cash Investments	$ 264,473	$ 0	$ 264,473
Due from Other Governments	0	970	970
Current Maturity of Long-term Receivable	4,394	0	4,394
Accounts Receivable	188,889	6,422	195,311
Allowance for Doubtful Accounts	(27,577)	0	(27,577)
Due from Other Funds	90,335	0	90,335
Prepaid Expenses	7,189	836	8,025
TOTAL CURRENT ASSETS	$ 527,703	$ 8,228	$ 535,931
RESTRICTED ASSETS - CURRENT:			
Sinking and Reserve Funds - Cash	$ 203,762	$ 0	$ 203,762
Construction Fund - Cash	5,154	0	5,154
Customer Deposits - Cash	53,405	0	53,405
TOTAL RESTRICTED ASSETS - CURRENT	$ 262,321	$ 0	$ 262,321
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	377,792	29,041	406,833
Total at Cost before Depreciation	$ 12,980,193	$ 570,153	$ 13,550,346
Less Accumulated Depreciation	2,647,926	212,818	2,860,744
NET PROPERTY, PLANT AND EQUIPMENT	$ 10,332,267	$ 357,335	$ 10,689,602
OTHER ASSETS:			
Bond Issuance Cost - Net of Amortization	132,808	0	132,808
Long-term Receivable	94,595	0	94,595
TOTAL NONCURRENT ASSETS	$ 10,577,670	$ 357,335	$ 10,935,005
TOTAL ASSETS	$ 11,367,694	$ 365,563	$ 11,733,257

See accompanying notes to the basic financial statements.

	WATER AND SEWER FUND	CHILD CARE FUND	TOTAL
LIABILITIES			
Current Liabilities:			
Notes Payable	$ 234,184	$ 0	$ 234,184
Accounts Payable	27,106	1,646	28,752
Lease Payable	12,552	0	12,552
Accrued Expenses	19,345	815	20,160
Due to Other Funds	0	56,521	56,521
Total Current Liabilities Payable from Unrestricted Assets	$ 293,187	$ 58,982	$ 352,169
Current Liabilities Payable from Restricted Assets:			
Accounts Payable and Accrued Revenue Bond Interest	$ 6,125	$ 0	$ 6,125
Current Maturities of Revenue Bonds	90,000	0	90,000
Customer Deposits	53,405	0	53,405
Total Current Liabilities Payable from Restricted Assets	$ 149,530	$ 0	$ 149,530
Long-term Liabilities:			
Revenue Bonds Payable net of Current Maturities	$ 635,342	$ 0	$ 635,342
Note Payable - Net of Current Maturities	4,139,341	0	4,139,341
Accounts & Notes Payable - Projects	0	0	0
Leases Payable Net of Current Maturities	13,277	0	13,277
Total Long-term Liabilities	$ 4,787,960	$ 0	$ 4,787,960
TOTAL LIABILITIES	$ 5,230,677	$ 58,982	$ 5,289,659
NET POSITION			
Net Investment in Capital Assets	$ 5,230,725	$ 357,335	$ 5,588,060
Restricted for:			
Bond Debt Service	197,637	0	197,637
Construction	0	0	0
Deposits	0	0	0
Unrestricted	708,655	(50,754)	657,901
TOTAL NET POSITION	$ 6,137,017	$ 306,581	$ 6,443,598

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, 2014

	Water and Sewer	Child Care Fund	Total
OPERATING REVENUES:			
Charges and Fees (Revenues Securing Debt)	$ 1,058,814	$ 0	$ 1,058,814
Charges and Fees	0	83,754	83,754
Other Revenue	2,553	137	2,690
TOTAL OPERATING REVENUES	$ 1,061,367	$ 83,891	$ 1,145,258
OPERATING EXPENSES:			
Personnel Services	$ 265,638	$ 99,046	$ 364,684
Purchase of Services	49,784	3,299	53,083
Materials and Supplies	120,946	15,394	136,340
Depreciation and Amortization	302,586	13,350	315,936
Utilities	88,048	11,484	99,532
TOTAL OPERATING EXPENSES	$ 827,002	$ 142,573	$ 969,575
OPERATING INCOME (LOSS)	$ 234,365	$ (58,682)	$ 175,683
NONOPERATING REVENUES (EXPENSES):			
Interest Income	$ 3,584	$ 0	$ 3,584
Debt Service - Interest Expense	(174,686)	0	(174,686)
Disposal of Assets	0	0	0
Grant - United Way	0	25,652	25,652
Grants:			
Federal	0	14,376	14,376
State Reimbursements for Services	0	5,818	5,818
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (171,102)	$ 45,846	$ (125,256)
INCOME (LOSS) BEFORE TRANSFERS	$ 63,263	$ (12,836)	$ 50,427
TRANSFERS IN/(OUT)	(409)	5,000	4,591
CHANGE IN NET POSITION	$ 62,854	$ (7,836)	$ 55,018
NET POSITION - JULY 1	6,074,163	314,417	6,388,580
NET POSITION - JUNE 30	$ 6,137,017	$ 306,581	$ 6,443,598

See accompanying to notes to the basic financial statements.

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business - Type Activities - Enterprise Funds		
	Water and Sewer Fund	Child Care Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,075,089	$ 82,716	$ 1,157,805
Cash payments to supplies for goods and services	(258,027)	(30,572)	(288,599)
Cash payments to employees for services	(266,367)	(103,263)	(369,630)
Cash payments (to) from other funds	(60,030)	(72)	(60,102)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 490,665	$ (51,191)	$ 439,474
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers - in(out)	$ (409)	$ 5,000	$ 4,591
Grants and Contributions	0	46,191	46,191
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	$ (409)	$ 51,191	$ 50,782
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Aquisition and construction of capital assets	$ (14,120)	$ 0	$ (14,120)
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	(83,068)	0	(83,068)
Reduction of Note Payable Principal	(227,201)	0	(227,201)
Reduction of Accounts Payable for Equipment	0	0	0
Reduction of Lease Contracts - Principal	(12,099)	0	(12,099)
Interest Paid on Bonds and Notes	(175,352)	0	(175,352)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ (511,840)	$ 0	$ (511,840)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Long-term Receivable - Net	$ 4,265	$ 0	$ 4,265
Interest on Cash and Cash Investments	3,584	0	3,584
NET CASH FLOWS FROM INVESTING ACTIVITIES	$ 7,849	$ 0	$ 7,849
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (13,735)	$ 0	$ (13,735)
CASH AND CASH EQUIVALENTS - JULY 1	540,529	0	540,529
CASH AND CASH EQUIVALENTS - JUNE 30	$ 526,794	$ 0	$ 526,794

See accompanying notes to the basic financial statements.

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	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	$ 234,365	$ (58,682)	$ 175,683
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	292,951	13,350	306,301
Amortization	9,635	0	9,635
Allowance for doubtful accounts	2,112	0	2,112
Change in assests and liabilities:			0
(Increase) Decrease in Accounts Receivable	12,241	(1,175)	11,066
Increase (Decrease) in Accounts Payable	(167)	(4,753)	(4,920)
(Increase) Decrease in Prepaid Expense	189	141	330
(Increase) Decrease in Payment (to) from Other Funds	(60,030)	(72)	0 (60,102)
Increase (Decrease) in Deposits	(631)	0	(631)
Net Cash Provided (Used) by Operating Activities	$ 490,665	$ (51,191)	$ 439,474
Reconciliation of Total Cash and Cash Investments:			
Current Assets - Cash and Cash Equivalents	$ 264,473	$ 0	$ 264,473
Restricted Assets - Cash and Cash Equivalents	262,321	0	262,321
Total Cash and Cash Equivalents	$ 526,794	$ 0	$ 526,794
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, 2014

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 position and the statement of changes in net position) 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 position for the year of $ 62,854 net of depreciation of $ 304,517, which is not budgeted.

B. The SPLOST Project (Capital Projects Fund) was approved during the year. The status at June 30, 2014 was expenditures over revenue in the amount of $48,450. The short fall was received subsequent to the year end and will be repaid to the General Fund.

C. The Child Care Fund experienced a reduction of net assets of $ 7,836 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 $ 37,114 before other financing sources. Public safety expenditures exceeded the budget amount by $18,960 due to the acquisition of a truck in the fire department. The cost of the truck was $35,000 and was reimbursed by the County. The reimbursement is included in revenue.

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, 2014, the General Fund, Water and Sewer Fund, and Child Care Fund were liable for $1,969, $6,362 and $ 0 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.

For the classification of fund balances: (1) the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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 position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position 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, 2014:

	CATEGORY 1	2	3	BANK BALANCE	CARRYING AMOUNT
Primary Government	$ 754,636	$ 0	$ 552,451	$ 1,307,087	$ 1,275,971

The carrying amount for the reporting entity totaling $ 1,275,971 includes $ 262,321 grouped with restricted assets and excludes $ 171 in cash on hand which is not held at financial institutions.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 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	35,643	0	786,781
Improvements	35,310	0	0	35,310
Infrastructure	0	0	0	0
Total	$ 3,967,992	$ 35,643	$ 0	$ 4,003,635
Less Accumulated Depreciation:				
Buildings	$ 1,074,530	$ 54,496	$ 0	$ 1,129,026
Equipment	412,569	20,714	0	433,283
Improvements	9,876	1,119	0	10,995
Infrastructure	0	0	0	0
Total	$ 1,496,975	$ 76,329	$ 0	$ 1,573,304
Total capital asset being depreciated, net	$ 2,471,017	$ (40,686)	$ 0	$ 2,430,331
Governmental Activities Capital Assets, Net	$ 2,655,207	$ (40,686)	$ 0	$ 2,614,521
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	14,120	0	406,833
Improvements	0	0	0	0
Infrastructure	12,602,401	0	0	12,602,401
Total	$ 13,536,226	$ 14,120	$ 0	$ 13,550,346
Less Accumulated Depreciation				
Buildings	$ 170,641	$ 13,302	$ 0	$ 183,943
Equipment	289,685	18,418	0	308,103
Improvements	0	0	0	0
Infrastructure	2,094,117	274,581	0	2,368,698
Total	$ 2,554,443	$ 306,301	$ 0	$ 2,860,744
Total Capital Assets being depreciated, net	$ 10,981,783	$ (292,181)	$ 0	$ 10,689,602
Business-type Activities Capital Assets, Net	$ 10,999,783	$ (292,181)	$ 0	$ 10,707,602

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		34,512
Streets and Maintenance		4,119
Library, Recreation, and Community Center		18,174
Total Depreciation Expense - Governmental Activities	$	76,329
Business-type Activities:		
Water and Sewer	$	292,951
Day Care		13,350
Total Depreciation Expense - Business-Type Activities	$	306,301

4. LONG-TERM DEBT

Water Revenue Bonds

Water revenue bonds issued for improvements to the water system and payable at June 30, 2014 consist of the following:

	Balance 7/1/2013	Increase	Decrease	Balance 6/30/2014
$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	$ 820,000	$ 0	$ 85,000	$ 735,000
Less Unamortized Discounts on Bond Issuance	(11,590)	0	(1,932)	(9,658)
NET	$ 808,410	$ 0	$ 83,068	$ 725,342

The annual requirements to amortize the above bonds as of June 30, 2014, including interest payments, are as follows

4. **LONG–TERM DEBT – Continued**

Date Matures	Principal	Interest	Total
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	0	8,625	8,625
11-01-18	110,000	8,625	118,625
05-01-19 thru 05-01-21	235,000	17,750	252,750
TOTAL	$ 735,000	$ 135,625	$ 870,625
Current Maturities	90,000	34,500	124,500
Long-term Maturities	$ 645,000	$ 101,125	$ 746,125

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 $ 197,637. The amount from bond proceeds reserved for construction funds is $ 5,154.

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		36,125
Total Required	$	191,125
Actual:		
Sinking Fund Reserves		203,762
Underfunded (Excess) Reserve	$	(12,637)

5. LEASES AND NON-CASH TRANSACTIONS

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

	Balance 07-01-13	Increase	Decrease	Balance 06-30-14
Long-term Debt - General Fund				
Lease payable to financing authority, 3.48% interest, payable $355 monthly, secured by equipment of $19,548	$ 13,722	$ 0	$ 3,849	$ 9,873
Lease payable to financing authority, 3.37% interest, payable $468 monthly, secured by equipment of $21,845	5,965	0	5,498	467
Lease payable to financing authority, 3.96% interest, payable $395 monthly secured by equipment of $18,695	5,352	0	3,987	1,365
Total	$ 25,039	$ 0	$ 13,334	$ 11,705
Less amount due currently	13,334	0	(7,517)	0
Net due after 12 months	$ 11,705	$ 0	$ 5,817	$ 11,705
Water and Sewer Fund:				
Lease payable to financing authority, 3.77% interest, payable $752 monthly, secured by equipment of $41,053	$ 24,207	$ 0	$ 8,250	$ 15,957
Lease payable to financing authority, 3.48% interest, payable $355 monthly, secured by equipment of $19,548	13,721	0	3,849	9,872
Total	$ 37,928	$ 0	$ 12,099	$ 25,829
Less Amount Due Currently - Water & Sewer	12,099		453	12,552
Net Due After Twelve Months	$ 25,829	$ 0	$ 12,552	$ 13,277

5. LEASES AND NON-CASH TRANSACTIONS (Continued)

Future minimum lease payments together with the net present value of minimum lease payments at June 30, 2014 are as follows:

Year	General Fund	Water & Sewer Fund
2015	$ 6,109	$ 13,287
2016	4,265	11,783
2017	1,777	1,777
2018	0	0
Minimum Lease Payments for Capital Lease	$ 12,151	$ 26,847
Less Amount Representing Interest at the City's Incremental Borrowing Rate	446	1,018
Present Value of Minimum Lease Payments	$ 11,705	$ 25,829

The assets recorded under capital leases are amortized and included with depreciation expense. See note 4.

6. CONTINGENT LIABILITIES

There are ante litem notices regarding claims against the City that exceeds $ 5,000,000. No liability in excess of the insurance deductible is expected with any losses being 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, 2014 applicable to June 30, 2013 was $ 181,000.

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, 2014 is $ 461,937. The notes are secured by the system. Changes for the year are as follows:

	Balance 07-01-13	Increase	Decrease	Balance 06-30-14
Note #1 3.07%	$ 447,267	$ 0	$ 47,806	$ 399,461
Note #2 3.86%	66,950	0	4,474	62,476
Total	$ 514,217	$ 0	$ 52,280	$ 461,937
Less Amount Due Currently	52,281	0	1,663	53,944
Net Due After Twelve Months	$ 461,936	$ 0	$ 53,943	$ 407,993

7. NOTES PAYABLE (Continued)

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

Note #1:	Payments	Principal	Interest	Total
06-30-15	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
06-30-19	12	55,725	5,143	60,868
07-01-19 to 10-31-21	28	137,163	5,162	142,325
Total	88	$ 399,461	$ 47,208	$ 446,669
Note #2:				
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
06-30-19	12	5,425	1,555	6,980
07-01-19 to 06-30-24	60	30,493	5,558	36,051
07-01-24 to 06-30-25	12	6,834	144	6,978
Total	132	$ 62,476	$ 15,453	$ 77,929
Total		461,937	62,661	524,598
Current Maturities		53,942	13,907	67,849
Long-term Maturities		$ 407,995	$ 48,754	$ 456,749

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				
6-30-15	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
06-30-19	12	295,125	203,192	91,933
6-30-20 to 6-30-24	60	1,475,626	1,112,513	363,113
6-30-25 to 6-30-20	60	1,475,626	1,292,313	183,313
6-30-30 to 6-30-31	23	565,656	549,034	16,622
TOTAL	203	$ 4,992,533	$ 3,911,587	$ 1,080,946
Less Due Currently	12	295,125	180,242	114,883
Net Long-term	191	$ 4,697,408	$ 3,731,345	$ 966,063

7. NOTES PAYABLE (Continued)

Changes to the note payable were as follows:

	Balance 07-01-14	Increase	Decrease	Balance 06-30-14
Note, 3%	$ 4,086,509	$ 0	$ 174,922	$ 3,911,587
Less Amount Due Currently	(174,922)	0	5,320	(180,242)
Net Due After Twelve Months	$ 3,911,587	$ 0	$ 180,242	$ 3,731,345

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 to the General Fund for expenditures of $409. There was a $ 5,000 transfer from the General Fund to the Child Care Fund for expenditures. As of June 30, 2014, interfund receivables or payables were as follows:

FUND	AMOUNT DUE FROM	AMOUNT DUE TO
General Fund	$ 90,334	$ 116,873
SPLOST Fund	50,000	0
Grant Fund	10,353	0
Water & Sewer Fund	0	90,335
Child Care Fund	56,521	0
Total	$ 207,208	$ 207,208

9. DUE TO/FROM OTHER GOVERNMENTS

The amounts due to or from other governments at June 30, 2014, are as follows:

	CURRENT	
FUND	AMOUNT DUE FROM	AMOUNT DUE TO
General Fund:		
U.S. Treasury	$ 0	$ 5,481
Georgia Dept of Revenue	0	1,766
Total	$ 0	$ 7,247
Day Care Fund:		
U.S. Government	$ 970	$ 0

	OTHER	
General Fund:		
County	$ 0	$ 131,867

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 7.94% for 2014 and 9.49% for 2015 of annual covered payroll. This report covers the results of the December 31, 2013 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	$	291,520
Current Employees:		
Employer Financed - Vested		264,385
Employer Financed - Nonvested		14,546
Total Present Value of Accrued Plan Benefits	$	570,451
Net Assets Available for Benefits, at Market Value		548,556
Unfunded (Surplus) Present Value of Accrued Plan Benefits	$	21,895

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, 2013, the estimated minimum annual contribution under these standards was $ 29,252. 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 $ 29,427 were made in accordance with contribution requirements by the various departments as follows: $ 15,669 (General Fund), $ 12,094 (Water and Sewer Fund), and $ 1,664(Child Care Fund). Currently seven (7) retirees or beneficiaries are receiving benefits. The City's annual pension cost of $ 29,427 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 $ 30,200. The total contribution consisted of $ 25,081 normal cost (7.94 percent of covered payroll) and $ 4,346 amortization of the unfunded actuarial accrued liability (.69 percent of covered payroll). Total payroll for all funds for the year ended June 30, 2014 was approximately $ 620,000. The following information was used in arriving at the required annual contribution.

Valuation Date	January 1, 2014
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:

	01-01-14	01-01-13	01-01-12	03-01-11	03-01-10
Net Assets Available for Benefits as a Percentage of Present value of Accrued Plan Benefits to the City's Employees	96.16%	90.97%	84.62%	90.38%	89.68%
City's Contributions to the Pension Plan as a Percentage of the City's Annual Covered Payroll	9.49%	7.94%	8.00%	8.45%	6397.00%
Actuarial Value of Plan Assets	$ 578,365	$ 554,682	$ 524,674	$ 497,053	$ 454,578
Actuarial Accrued Liability	$ 604,305	$ 576,231	$ 520,130	$ 522,571	$ 465,031
Unfunded Actuarial Liability or Funding (Excess)	$ 25,940	$ 21,549	$ (4,544)	$ 25,518	$ 10,453
Actuarial value of Assets as a % of Actuarial Accrued Liability	95.71%	96.26%	100.87%	95.12%	97.75%
Annual Covered Payroll	$ 302,984	$ 364,162	$ 259,973	$ 392,725	$ 401,828
Ratio of Unfunded Actuarial Liability or Excess to Annual Covered Payroll	8.56%	5.92%	-17.48%	6.50%	2.60%
Annual Pension Cost	$ 29,252	$ 29,427	$ 21,161	$ 33,772	$ 28,474
% 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, 2014. 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 06-30-13	Net Change	Balance 06-30-14
Cash	$ 13,546	$ (236)	$ 13,310
Accounts Receivable	436	73	509
Accounts Payable	0	(364)	(364)
Total	$ 13,982	$ (527)	$ 13,455
Revenue		$ 3,316	
Expenditures		3,843	
Net Revenue over Expenditures		$ (527)	

Twenty-two and 22/100 (22.22) percent of the total tax available was 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, 2014 are as follows:

	WATER AND SEWER	CHILD CARE	TOTAL
Operating Revenues	$ 1,061,367	$ 83,891	$ 1,145,258
Operating Expenses	522,485	129,223	651,708
Operating Income (Loss) before Depreciation	$ 538,882	$ (45,332)	$ 493,550
Depreciation and Amortization	304,517	13,350	317,867
Operating Income (Loss)	$ 234,365	$ (58,682)	$ 175,683
Non-operating Revenues (Expenses), Net	(171,102)	45,846	(125,256)
Net Income (Loss) before Transfers	$ 63,263	$ (12,836)	$ 50,427
Transfers in (out), Net	(409)	5,000	4,591
Net Income	$ 62,854	$ (7,836)	$ 55,018
Current Assets	$ 527,703	$ 8,228	$ 535,931
Restricted Assets	262,321	0	262,321
Property, Plant and Equipment, Net	10,350,267	357,335	10,707,602
Other Assets	227,403	0	227,403
Total Assets	$ 11,367,694	$ 365,563	$ 11,733,257
Current Liabilities (Payable from Current Assets)	$ 293,187	$ 58,982	$ 352,169
Current Liabilities (Payable from Restricted Assets)	149,530	0	149,530
Long-term Liabilities	4,787,960	0	4,787,960
Total Liabilities	$ 5,230,677	$ 58,982	$ 5,289,659
Capital Assets	$ 5,230,725	$ 357,335	$ 5,588,060
Restricted	197,637	0	197,637
Unrestricted	708,655	(50,754)	657,901
Net Assets	$ 6,137,017	$ 306,581	$ 6,443,598
Net Working Capital Unrestricted	$ 234,516	$ (50,754)	$ 183,762
Property, Plant and Equipment Additions	$ 14,120	$ 0	$ 14,120
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	$ 490,665	$ (51,191)	$ 439,474
Cash Provided (Used) by Non-Capital Financing Activities	(409)	51,191	50,782
Cash Provided (Used) by Capital and Related Financing Activities	(511,840)	0	(511,840)
Cash Provided from Investing Activities	7,849	0	7,849
Cash - Beginning	540,529	0	540,529
Cash - Ending	$ 526,794	$ 0	$ 526,794

17. RECEIVABLES

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

	Governmental Activities		Business-type Activities	
	Receivable	Allowance	Receivable	Allowance
Accounts Receivable	$ 112,381	$ 8,558	$ 195,311	$ 27,577
Fines and Forfeitures and Other	22,196	18,445	0	0
Total	$ 134,577	$ 27,003	$ 195,311	$ 27,577

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 06-30-15	0

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 the balance is due in 2016. 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	10,792	1,742	12,534
6-30-17	0	0	0
TOTAL	$ 20,792	$ 6,238	$ 27,030
Current	5,000	2,417	7,417
Long Term	$ 15,792	$ 3,821	$ 19,613

Changes for the year are as follows:

	Balance 07-01-13	Increase	Decrease	Balance 06-30-14
Note, 6.75%	$ 30,600	$ 0	$ 9,808	$ 20,792
Less Amount Due Currently	5,000	0	0	5,000
Net Due After Twelve Months	$ 25,600	$ 0	$ 9,808	$ 15,792

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
6-30-15	$ 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
06-30-19	4,954	2,350	7,304
6-30-20 to 6-30-24	27,124	9,396	36,520
6-30-25 to 6-30-29	31,508	5,012	36,520
6-30-30 to 11-30-31	17,007	645	17,652
TOTAL	$ 98,988	$ 28,224	$ 127,212
Current	4,394	2,910	7,304
Long Term	$ 94,594	$ 25,314	$ 119,908

21. SPLOST PROJECTS:

A. 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 (page13) as a "Due to other Governments" and an offsetting 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 no interest being charged on the balance. A non-budgeted payment of $ 50,000 was made in the current year from the general fund.

B. A new SPLOST project was approved in the current year in the amount of 2.4 million dollars. The purpose of the project is to renovate existing buildings. The revenue and expenditures for the year are shown in the Capital Projects Funds.

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, 2014

	CAPITAL PROJECTS FUND	SPECIAL REVENUE FUNDS	
	SPLOST FUNDS	HOTEL/MOTEL FUNDS	FIRE DEPT. FUNDS
ASSETS			
Cash	$ 15,350	$ 13,310	$ 1,112
Accounts Receivable	0	509	0
Due from Other Funds	0	0	0
TOTAL ASSETS	$ 15,350	$ 13,819	$ 1,112
LIABILITIES AND FUND BALANCE			
Liabilities:			
Account Payables	$ 13,800	$ 364	$ 0
Due to Other Funds	50,000	0	0
Total Liabilities	$ 63,800	$ 364	$ 0
Fund Balance:			
Assigned Funds - Grant Funds	$ 0	0	0
Assigned Funds - Other	(48,450)	13,455	1,112
Total Fund Balances	$ (48,450)	$ 13,455	$ 1,112
TOTAL LIABILITIES AND AND FUND BALANCE	$ 15,350	$ 13,819	$ 1,112

SPECIAL REVENUE FUNDS				
DOWNTOWN DEVELOPMENT AUTHORITY	CONFISCATED PROPERTY FUNDS	CEMETERY PERPETUAL CARE FUND	GRANT FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
$ 0	$ 5,391	$ 49,584	$ 23,930	$ 108,677
0	0	0	0	509
0	0	0	0	0
$ 0	$ 5,391	$ 49,584	$ 23,930	$ 109,186
$ 0	$ 0	$ 0	$ 0	$ 14,164
0	0	0	10,353	60,353
$ 0	$ 0	$ 0	$ 10,353	$ 74,517
0	0	0	$ 13,577	$ 13,577
0	5,391	49,584	0	21,092
$ 0	$ 5,391	$ 49,584	$ 13,577	$ 34,669
$ 0	$ 5,391	$ 49,584	$ 23,930	$ 109,186

CITY OF CAVE SPRING, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	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	0
Other Funds - Sales Tax - SPLOST	34,660	3,316	0
TOTAL REVENUES	$ 34,660	$ 3,316	$ 0
EXPENDITURES:			
General Government	$ 83,110	$ 3,843	$ 0
Public Safety	0	0	0
Streets and Maintenance	0	0	0
Culture/Recreation	0	0	0
TOTAL EXPENDITURES	$ 83,110	$ 3,843	$ 0
NET CHANGE IN FUND BALANCE	$ (48,450)	$ (527)	$ 0
OTHER FINANCING SOURCES (USES):			
Transfers In/(Out)	0	0	0
NET CHANGE IN FUND BALANCE AND OTHER SOURCES (USES)	$ (48,450)	$ (527)	$ 0
FUND BALANCE - BEGINNING	0	13,982	1,112
FUND BALANCE - ENDING	$ (48,450)	$ 13,455	$ 1,112

SPECIAL REVENUE FUNDS				
DOWNTOWN DEVELOPMENT AUTHORITY	CONFISCATED PROPERTY FUNDS	CEMETERY PERPETUAL CARE FUND	GRANT FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
$ 0	$ 0	$ 0	$ 13,476	$ 13,476
0	776	239	0	1,015
0	0	0	0	37,976
$ 0	$ 776	$ 239	$ 13,476	$ 52,467
$ 0	$ 0	$ 0	$ 10,351	$ 97,304
0	74	0	0	74
0	0	0	0	0
0	0	0	0	0
$ 0	$ 74	$ 0	$ 10,351	$ 97,378
$ 0	$ 702	$ 239	$ 3,125	$ (44,911)
0	0	0	0	0
$ 0	$ 702	$ 239	$ 3,125	$ (44,911)
0	4,689	49,345	10,452	79,580
$ 0	$ 5,391	$ 49,584	$ 13,577	$ 34,669

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

	2014				2013
	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/Taxes	2,591,000	2,591,000	34,660	(2,556,340)	0
TOTAL REVENUES	$ 2,591,000	$ 2,591,000	$ 34,660	$ (2,556,340)	$ 0
EXPENDITURES:					
General Government	$ 2,591,000	$ 2,591,000	$ 83,110	$ 2,507,890	$ 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	$ 2,591,000	$ 2,591,000	$ 83,110	$ 2,507,890	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ (48,450)	$ (48,450)	$ 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	$ (48,450)	$ (48,450)	$ 0
FUND BALANCE - BEGINNING	0	0	0	0	0
FUND BALANCE - ENDING	$ 0	$ 0	$ (48,450)	$ (48,450)	$ 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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	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	3,500	3,500	3,316	(184)	3,459
TOTAL REVENUES	$ 3,500	$ 3,500	$ 3,316	$ (184)	$ 3,459
EXPENDITURES:					
General Government	$ 3,500	$ 4,000	$ 3,843	$ 157	$ 5,391
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	$ 3,500	$ 4,000	$ 3,843	$ 157	$ 5,391
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ (500)	$ (527)	$ (27)	$ (1,932)
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ (500)	$ (527)	$ (27)	$ (1,932)
FUND BALANCE - BEGINNING	13,982	13,982	13,982	0	15,914
FUND BALANCE - ENDING	$ 13,982	$ 13,482	$ 13,455	$ (27)	$ 13,982

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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	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	25
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 25
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	0	0	0	0	0
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	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 25
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	$ 25
FUND BALANCE - BEGINNING	1,112	1,112	1,112	0	1,087
FUND BALANCE - ENDING	$ 1,112	$ 1,112	$ 1,112	$ 0	$ 1,112

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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 13,476	$ 13,476	$ 13,476	$ 0	$ 10,452
Other Funds	0	0	0	0	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 13,476	$ 13,476	$ 13,476	$ 0	$ 10,452
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	23,928	23,928	0	23,928	0
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 23,928	$ 23,928	$ 0	$ 23,928	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ (10,452)	$ (10,452)	$ 13,476	$ 23,928	$ 10,452
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ (10,452)	$ (10,452)	$ 13,476	$ 23,928	$ 10,452
FUND BALANCE - BEGINNING	10,452	10,452	10,452	0	0
FUND BALANCE - ENDING	$ 0	$ 0	$ 23,928	$ 23,928	$ 10,452

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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	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	776	776	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 776	$ 776	$ 0
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	4,689	4,689	74	4,615	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	$ 4,689	$ 4,689	$ 74	$ 4,615	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ (4,689)	$ (4,689)	$ 702	$ 5,391	$ 0
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ (4,689)	$ (4,689)	$ 702	$ 5,391	$ 0
FUND BALANCE - BEGINNING	4,689	4,689	4,689	0	4,689
FUND BALANCE - ENDING	$ 0	$ 0	$ 5,391	$ 5,391	$ 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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	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	239	239	1,092
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 239	$ 239	$ 1,092
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	$ 239	$ 239	$ 1,092
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ 0	$ 239	$ 239	$ 1,092
FUND BALANCE - BEGINNING	49,345	49,345	49,345	0	48,253
FUND BALANCE - ENDING	$ 49,345	$ 49,345	$ 49,584	$ 239	$ 49,345

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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 0	$ 0	$ 0	$ 0	$ 43,309
Other Funds	0	0	0	0	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 43,309
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	43,309
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 43,309
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	274
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 274
FUND BALANCE - BEGINNING	0	0	0	0	(274)
FUND BALANCE - ENDING	$ 0	$ 0	$ 0	$ 0	$ 0

CITY OF CAVE SPRING, GEORGIA
SPECIAL REVENUE FUND - GRANT FUND - GMA SAFETY GRANT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 10,351	$ 10,351	$ 0	$ (10,351)	$ 0
Other Funds	0	0	0	0	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 10,351	$ 10,351	$ 0	$ (10,351)	$ 0
EXPENDITURES:					
General Government	$ 10,351	$ 10,351	$ 10,351	$ 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	$ 10,351	$ 10,351	$ 10,351	$ 0	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ (10,351)	$ (10,351)	$ 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	$ (10,351)	$ (10,351)	$ 0
FUND BALANCE - BEGINNING	0	0	0	0	0
FUND BALANCE - ENDING	$ 0	$ 0	$ (10,351)	$ (10,351)	$ 0

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, 2014 AND 2013

	2014	2013
ASSETS		
Cash	$ 264,211	$ 328,238
Investments - Cash	376,289	325,864
Accounts Receivable - Net	43,988	38,569
Other Receivables	98,712	66,606
Prepaid Expenditures	13,040	13,908
Internal Balances	116,873	56,594
TOTAL ASSETS	$ 913,113	$ 829,779
LIABILITIES		
Liabilities:		
Accounts Payable	$ 64,744	$ 24,829
Accrued Expenses	1,969	2,332
Internal Balances	90,334	30,304
Due to Other Governments	7,247	7,505
TOTAL LIABILITIES	$ 164,294	$ 64,970
DEFERRED REVENUE - NET	$ 2,771	$ 2,771
FUND EQUITY		
Fund Balance:		
Nonspendable - Prepaid Expenditures	$ 13,040	$ 13,908
Unassigned	733,008	748,130
TOTAL FUND EQUITY	$ 746,048	$ 762,038
TOTAL LIABILITIES AND FUND EQUITY	$ 913,113	$ 829,779

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, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014				2013
	Budgeted Amounts			Variance With Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
REVENUES:					
Taxes	$ 458,150	$ 458,150	$ 445,000	$ (13,150)	$ 427,222
Licenses and Permits	14,000	14,000	13,380	(620)	13,868
Grants and Receipts from Other Governments	84,000	84,000	121,388	37,388	85,745
Charges for Services	165,250	165,250	165,542	292	150,722
Fines and Forfeits	20,000	20,000	8,828	(11,172)	14,204
Interest	600	600	428	(172)	445
Other	2,800	2,800	7,356	4,556	7,098
TOTAL REVENUES	$ 744,800	$ 744,800	$ 761,922	$ 17,122	$ 699,304
EXPENDITURES:					
CURRENT:					
General Government	$ 117,400	$ 116,900	$ 111,662	$ 5,238	$ 101,503
Public Safety	403,500	403,500	422,460	(18,960)	368,683
Streets and Maintenance	171,000	171,000	140,043	30,957	136,745
Culture and Recreation	62,900	62,900	50,643	12,257	51,448
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 754,800	$ 754,300	$ 724,808	$ 29,492	$ 658,379
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (10,000)	$ (9,500)	$ 37,114	$ 46,614	$ 40,925
OTHER FINANCING SOURCES (USES):					
Proceeds from Long-term Lease Obligations	$ 0	$ 0	$ 0	$ 0	$ 0
Repayments from(to) Other Governments	0	0	(50,000)	(50,000)	0
Sale of Assets	15,000	15,000	1,487	(13,513)	0
Transfers In/(Out)	(5,000)	(5,500)	(4,591)	909	289
TOTAL OTHER FINANCING SOURCES (USES)	$ 10,000	$ 9,500	$ (53,104)	$ (62,604)	$ 289
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 0	$ 0	$ (15,990)	$ (15,990)	$ 41,214
FUND BALANCE, JULY 1	762,038	762,038	762,038	0	720,824
FUND BALANCE, JUNE 30	$ 762,038	$ 762,038	$ 746,048	$ (15,990)	$ 762,038

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014				2013
	Budgeted Amounts			Variance With Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Taxes and Franchise Fees:					
Franchise	$ 86,700	$ 86,700	$ 85,014	$ (1,686)	$ 85,174
Insurance	60,000	60,000	61,901	1,901	59,784
Sales Taxes- General	282,000	282,000	272,645	(9,355)	258,284
Beer and Wine	25,000	25,000	20,505	(4,495)	19,530
Taxes and Licenses	4,450	4,450	4,935	485	4,450
Total Taxes and Franchise Fees	$ 458,150	$ 458,150	$ 445,000	$ (13,150)	$ 427,222
Charges for Services:					
Business Licenses	$ 14,000	$ 14,000	$ 13,380	$ (620)	$ 13,868
Garbage Fees	74,700	74,700	72,835	(1,865)	68,726
Fines and Forteitures	20,000	20,000	8,820	(11,180)	14,204
Fire Fees	76,100	76,100	76,127	27	69,396
Cemetery	7,000	7,000	8,130	1,130	6,580
Community Center	4,000	4,000	6,430	2,430	2,525
Rental	3,450	3,450	2,028	(1,422)	3,495
Total Charges for Services	$ 199,250	$ 199,250	$ 187,750	$ (11,500)	$ 178,794
Other Revenue:					
County Government	$ 84,000	$ 84,000	$ 121,388	$ 37,388	$ 85,745
Investment Income	600	600	428	(172)	445
Other Income	17,800	17,800	7,356	(10,444)	7,098
Total Other Revenue	$ 102,400	$ 102,400	$ 129,172	$ 26,772	$ 93,288
Total Revenues	$ 759,800	$ 759,800	$ 761,922	$ 2,122	$ 699,304

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	Budgeted Amounts		Actual	Variance With Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	GAAP Basis
General Government and Administration					
Salaries and Taxes	$ 39,150	$ 39,150	$ 38,386	$ 764	$ 37,614
Pension	3,700	3,700	3,694	6	3,597
Insurance	15,200	15,000	14,146	854	14,056
Professional Fees	6,500	7,000	6,572	428	4,764
Utilities and Telephone	32,000	29,500	28,476	1,024	26,969
Supplies	16,850	16,450	14,365	2,085	12,788
Training and Travel	4,000	6,100	6,023	77	1,715
Capital	0	0	0	0	0
Total General Government	$ 117,400	$ 116,900	$ 111,662	$ 5,238	$ 101,503
Public Safety:					
Police Department:					
Salaries and Taxes	$ 141,100	$ 138,100	$ 137,067	$ 1,033	$ 134,688
Pension	10,250	10,250	10,203	47	4,232
Insurance	47,850	43,250	42,340	910	32,935
Supplies and Court Fees	12,650	18,300	15,218	3,082	11,206
Capital	5,650	9,150	9,014	136	5,147
Training and Travel	1,500	1,500	809	691	2,070
Auto	22,500	20,950	19,305	1,645	23,885
Total	$ 241,500	$ 241,500	$ 233,956	$ 7,544	$ 214,163
Fire Department:					
Salaries and Taxes	$ 104,300	$ 103,300	$ 101,616	$ 1,684	$ 101,018
Pension	0	0	0	0	0
Insurance	11,100	11,100	10,415	685	9,848
Supplies	16,700	16,050	11,954	4,096	16,788
Training and Travel	600	600	204	396	607
Capital	4,150	6,900	42,467	(35,567)	4,128
Auto	11,000	10,500	8,219	2,281	8,919
Utilities and Telephone	14,150	13,550	13,629	(79)	13,212
Total	$ 162,000	$ 162,000	$ 188,504	$ (26,504)	$ 154,520
Total Public Safety	$ 403,500	$ 403,500	$ 422,460	$ (18,960)	$ 368,683

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

(Continued)

	2014				2013
	Budgeted Amounts		Actual	Variance With Final Budget Positive	Actual GAAP
	Original	Final	Amounts	(Negative)	Basis
Streets and Maintenance:					
Salaries and Taxes	$ 76,000	$ 72,800	$ 68,746	$ 4,054	$ 61,360
Pension	1,800	1,800	1,772	28	2,116
Insurance	21,300	17,300	16,408	892	16,006
Auto	15,000	14,000	13,091	909	13,682
Supplies and Paving	24,600	32,300	21,291	11,009	26,721
Training and Travel	500	500	0	500	0
Waste Tipping Fees	13,500	14,000	13,621	379	12,595
Capital	18,300	18,300	5,114	13,186	4,265
Total	$ 171,000	$ 171,000	$ 140,043	$ 30,957	$ 136,745
Culture, Library and Recreation:					
Library:					
Contribution	$ 20,100	$ 20,100	$ 20,004	$ 96	$ 20,004
Utilities and Telephone	8,900	10,900	8,336	2,564	6,909
Insurance	1,300	1,300	1,179	121	1,199
Supplies	3,100	1,100	907	193	708
DDA	16,700	16,700	9,444	7,256	12,992
Community Center	12,800	12,800	10,773	2,027	9,636
Total	$ 62,900	$ 62,900	$ 50,643	$ 12,257	$ 51,448
Total	$ 754,800	754,300	$ 724,808	$ 29,492	$ 658,379

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, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and Cash Investments	$ 264,473	$ 255,156
Current Portion of Long-term Receivable	4,394	4,265
Accounts Receivable	188,889	201,130
Allowance for Doubtful Accounts	(27,577)	(25,465)
Due from Other Funds	90,335	30,305
Prepaid Expenses	7,189	7,378
TOTAL CURRENT ASSETS	$ 527,703	$ 472,769
RESTRICTED ASSETS - CURRENT:		
Sinking and Reserve Funds - Cash	$ 203,762	$ 201,085
Construction Fund - Cash	5,154	30,252
Customer Deposits - Cash	53,405	54,036
TOTAL RESTRICTED ASSETS - CURRENT	$ 262,321	$ 285,373
PROPERTY, PLANT AND EQUIPMENT:		
Land/Right of Ways	$ 18,000	$ 18,000
Plant Under Construction	0	0
Improvements Other than Buildings	12,602,401	12,602,401
Machinery and Equipment	377,792	363,672
Total at Cost	$ 12,980,193	$ 12,966,073
Less Accumulated Depreciation	2,647,926	2,354,975
NET PROPERTY, PLANT AND EQUIPMENT	$ 10,332,267	$ 10,611,098
OTHER ASSETS:		
Long-term Receivable Less Due Currenty	$ 94,595	$ 98,989
Bond Issuance Cost - Net of Amortization	132,808	142,443
TOTAL ASSETS	$ 11,367,694	$ 11,628,672
LIABILITIES		
Current Liabilities:		
Notes Payable	$ 234,184	$ 227,203
Accounts Payable	27,106	26,544
Lease Payable	12,552	12,099
Accrued Expenses	19,345	20,074
Due to Other Funds	0	0
Total Current Liabilities Payable from Unrestricted Assets	$ 293,187	$ 285,920
Current Liabilities Payable from Restricted Assets:		
Accounts Payable - Construction	$ 0	$ 0
Accrued Revenue Bond Interest	6,125	6,791
Current Maturities of Revenue Bonds	90,000	85,000
Customer Deposits	53,405	54,036
Total Current Liabilities Payable from Restricted Assets	$ 149,530	$ 145,827
Total Current Liabilities	$ 442,717	$ 431,747
Long-term Liabilities:		
Revenue Bonds Payable - Net of Current Maturities	$ 635,342	$ 723,410
Note Payable - Net of Current Maturities	4,139,341	4,373,523
Lease Payable - Net of Current Maturities	13,277	25,829
Total Long-term Liabilities	$ 4,787,960	$ 5,122,762
TOTAL LIABILITIES	$ 5,230,677	$ 5,554,509
NET POSITION		
Invested in Capital Assets - Net of Related Debt	$ 5,230,725	$ 5,212,286
Restricted for:		
Bond Debt Service	197,637	194,294
Construction	0	0
Deposits Payable	0	0
Unreserved	708,655	667,583
TOTAL NET POSITION	$ 6,137,017	$ 6,074,163

WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES:		
Charges and Fees	$ 1,058,814	$ 1,090,591
Other Revenue	2,553	2,789
TOTAL OPERATING REVENUES	$ 1,061,367	$ 1,093,380
OPERATING EXPENSES:		
Personnel Services	$ 265,638	$ 268,393
Purchase of Services	49,784	56,444
Materials and Supplies	120,946	113,649
Depreciation and Amortization	302,586	304,521
Utilities	88,048	82,022
TOTAL OPERATING EXPENSES	$ 827,002	$ 825,029
OPERATING INCOME (LOSS)	$ 234,365	$ 268,351
NONOPERATING REVENUES (EXPENSES):		
Interest Income	$ 3,584	$ 3,853
Debt Service - Interest Expense	(174,686)	(185,417)
Disposal of Assets - Net	0	0
Grants:		
Federal	0	0
State	0	0
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (171,102)	$ (181,564)
INCOME (LOSS) BEFORE TRANSFERS	$ 63,263	$ 86,786
TRANSFERS IN/(OUT)	(409)	(563)
CHANGE IN NET POSITION	$ 62,854	$ 86,223
NET POSITION - JULY 1	6,074,163	5,987,940
NET POSITION - JUNE 30	$ 6,137,017	$ 6,074,163

CITY OF CAVE SPRING, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,075,089	$ 1,074,876
Cash payments to supplies for goods and services	(258,027)	(242,536)
Cash payments to employees for services	(266,367)	(268,393)
Cash payments (to) from other funds	(60,030)	(25,575)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 490,665	$ 538,372
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers - in(out)	$ (409)	$ (563)
Grants and Contributions	0	0
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	$ (409)	$ (563)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Aquisition and construction of capital assets	$ (14,120)	$ (23,983)
(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	0
Transfers - in (Out)	0	0
Reduction of Bond Debt Principal - Net	(83,068)	(80,000)
Reduction of Note Payable Principal	(227,201)	(220,449)
Reduction of Lease Contracts - Principal	(12,099)	(14,667)
Interest Paid on Bonds and Notes	(175,352)	(182,484)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING FINANCES	$ (511,840)	$ (521,583)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term Receivable - Net	$ 4,265	$ 4,139
Interest on Cash and Cash Investments	3,584	3,853
NET CASH FLOWS FROM INVESTING ACTIVITIES	$ 7,849	$ 7,992
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (13,735)	$ 24,218
CASH AND CASH EQUIVALENTS - JULY 1	540,529	516,311
CASH AND CASH EQUIVALENTS - JUNE 30	$ 526,794	$ 540,529

CITY OF CAVE SPRING, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations	$ 234,365	$ 268,350
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	292,951	292,956
Amortization	9,635	11,565
Allowance for doubtful accounts	2,112	6,757
Change in assests and liabilities:		
(Increase) in Accounts Receivable	12,241	(25,260)
Increase (Decrease) in Accounts Payable and Accruals	(167)	11,262
(Increase) Decrease in Prepaid Expense	189	(1,683)
(Increase) Decrease in Payment (to) from other funds	(60,030)	(26,073)
Increase (Decrease) in Deposits	(631)	498
Net Cash Provided (Used) by Operating Activities	$ 490,665	$ 538,372
Reconciliation of Total Cash and Cash Equivalents:		
Current Assets - Cash and Cash Equivalents	$ 264,473	$ 255,156
Restricted Assets - Cash and Cash Equivalents	262,321	285,373
Total Cash and Cash Investments	$ 526,794	$ 540,529
NON CASH TRANSACTION		
Purchase of Equipment:		
Cost	$ 0	$ 0
Loan Proceeds	0	0
Net Cash Payment	$ 0	$ 0

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and Cash Investments	$ 0	$ 0
Due from Other Governments	970	1,315
Accounts Receivable	6,422	5,247
Due from Other Funds	0	0
Prepaid Expenses	836	977
TOTAL CURRENT ASSETS	$ 8,228	$ 7,539
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	212,818	199,468
NET PROPERTY, PLANT AND EQUIPMENT	$ 357,335	$ 370,685
TOTAL ASSETS	$ 365,563	$ 378,224
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 1,646	$ 2,182
Accrued Expenses	815	5,032
Due to Other Funds	56,521	56,593
Total Current Liabilities	$ 58,982	$ 63,807
TOTAL LIABILITIES	$ 58,982	$ 63,807
NET POSITION		
Invested in Capital Assets - Net of Related Debt	$ 357,335	$ 370,685
Restricted	0	0
Unrestricted	(50,754)	(56,268)
TOTAL NET POSITION	$ 306,581	$ 314,417

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES:		
Charges and Fees	$ 83,754	$ 79,026
Other Revenue	137	366
TOTAL OPERATING REVENUES	$ 83,891	$ 79,392
OPERATING EXPENSES:		
Personnel Services	$ 99,046	$ 102,922
Purchase of Services	3,299	5,086
Materials and Supplies	15,394	18,571
Depreciation	13,350	13,350
Utilities	11,484	10,299
TOTAL OPERATING EXPENSES	$ 142,573	$ 150,228
OPERATING INCOME (LOSS)	$ (58,682)	$ (70,836)
NONOPERATING REVENUES (EXPENSES):		
Interest Income	$ 0	$ 0
Contributions	25,652	25,284
Grants:		
Federal	14,376	15,586
State	5,818	13,661
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 45,846	$ 54,531
INCOME (LOSS) BEFORE TRANSFERS	$ (12,836)	$ (16,305)
TRANSFERS IN/(OUT)	5,000	0
CHANGE IN NET POSITION	$ (7,836)	$ (16,305)
NET POSITION - JULY 1	314,417	330,722
NET POSITION - JUNE 30	$ 306,581	$ 314,417

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 82,716	$ 80,633
Cash payments to supplies for goods and services	(30,572)	(33,547)
Cash payments to employees for services	(103,263)	(106,972)
Cash payments (to) from other funds	(72)	4,656
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (51,191)	$ (55,230)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers - in	$ 5,000	$ 0
Grants and Contributions	46,191	55,230
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	$ 51,191	$ 55,230
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	$ 0
CASH AND CASH EQUIVALENTS - JULY 1	0	0
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, 2014 AND 2013

	2014	2013
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations	$ (58,682)	$ (70,836)
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	(1,175)	1,241
Increase (Decrease) in Accounts Payable and Accrued Expenses	(4,753)	(3,586)
(Increase) Decrease in Prepaid Expense	141	(55)
(Increase) Decrease in Payment (to) from other funds	(72)	4,656
Net Cash Provided (Used) by Operating Activities	$ (51,191)	$ (55,230)
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, 2014

	General
Assets	
Cash and Cash Investments	$ 9,367
Total Assets	$ 9,367
Liabilities and Fund Balance	
Liabilities	$ 0
Total Liabilities	$ 0
Fund Balances:	
Unassigned	9,367
Total Fund Balances	$ 9,367
Total Liabilities and Fund Balances	$ 9,367

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, 2014

Total DDA Fund Balance	$	9,367
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		57,057
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental fund Balance Sheet		(20,792)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	45,632

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, 2014

	General
Revenues:	
Miscellaneous and Fund Raising	$ 49,576
Total Revenue	$ 49,576
Expenditures:	
Current:	
Culture and Recreation	$ 46,872
Non-Current:	
Capital Outlay	0
Total Expenditures	$ 46,872
Net Change in Fund Balance	$ 2,704
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)	$ 2,704
Fund Balance at Beginning of Year	6,663
Fund Balance at End of Year	$ 9,367

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, 2014

Net Change in Fund Balances - General Fund	$	2,704
Amounts Reported for Governmental Activities in Statement of Activities - Differences:		
Reduction of Long Term Debt	$	9,808
Depreciation		(1,783)
Total	$	8,025
Change in Net Position of Governmental Activities	$	10,729

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, 2014

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Other	$ 50,000	$ 50,000	$ 49,576	$ (424)
TOTAL REVENUES	$ 50,000	$ 50,000	$ 49,576	$ (424)
EXPENDITURES:				
CURRENT:				
Culture and Recreation	$ 50,000	$ 50,000	$ 46,872	$ 3,128
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	$ 50,000	$ 50,000	$ 46,872	$ 3,128
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 0	$ 0	$ 2,704	$ 2,704
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	$ 2,704	$ 2,704
FUND BALANCE, JULY 1	6,663	6,663	6,663	0
FUND BALANCE, JUNE 30	$ 6,663	$ 6,663	$ 9,367	$ 2,704

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, 2014, 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, 2014.

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, PC

Rome, Georgia
November 28, 2014

CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS -SEE NOTE A
FOR THE YEAR ENDED JUNE 30, 2014

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	C13-115-04019	$ 15,112
Adult and Child Care Food Program	10.558	C14-115-04019	11,535
TOTAL DEPARTMENT OF AGRICULTURE			$ 26,647
TOTAL FEDERAL ASSISTANCE			$ 26,647

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 06-30-13	REVENUES	EXPENDI-TURES	CASH AT 06-30-14
$ 0	$ 2,841	$ 2,841	$ 0
0	11,535	11,535	0
$ 0	$ 14,376	$ 14,376	$ 0
$ 0	$ 14,376	$ 14,376	$ 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, 2014

PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT
Georgia Department of Transportation:			
LMIG	N/A	N/A	23,928
TOTAL STATE ASSISTANCE			$ 23,928

The accompanying notes are an integral part of this statement.

CASH AT 07-01-13	REVENUES	EXPENDI-TURES	CASH AT 06-30-14
10,452	13,476	0	23,928
$ 10,452	$ 13,476	$ 0	$ 23,928

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

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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, 2014. 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, 2014, in conformity with accounting principles generally accepted in the United States of America.

Finney & Associates CPAs, PC

Rome, Georgia
November 28, 2014

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CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
JUNE 30, 2014

Contracts - 2013 04-01-14 To 04-30-19	Original Estimated Cost	Revised Estimated Cost	Restated Expenditures Prior Years	Restated Expenditures Current Year	Restated Expenditures Total	Estimated Percent of Completion
General Fund:						
Renovation to Buildings	$ 2,591,000	$ 2,591,000	$ 0	$ 83,110	$ 83,110	3.21%

The accompanying notes are an integral part of this statement.