CITY OF CAVE SPRING, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF CAVE SPRING, GEORGIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Cave Spring, Georgia

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, 2016, 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, 2016, 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 December 12, 2016, on our consideration of the City of Cave Spring, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Finney & Associates CPAs P.C

Rome, Georgia
December 12, 2016

OF CAVE SPRING, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(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, 2016. Please read it in conjunction with the City's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

1. The City purchased equipment in its Water and Sewer Department at a cost of $49,000. Water and sewer revenue increased by $50,000 primarily through charges and fees from customers. Water and Sewer expenses before depreciation and interest increased by $74,000, primarily through purchased services. Interest expense decreased by $ 11,000 and depreciation increased by $4,000.

2. The City's general fund experienced an overall increase in revenue of $40,000. Expenditures decreased $47,000 primarily as a result of a decrease in public safety of $59,000. A payment of $42,000 was made to Floyd County for repayment of excess SPLOST payments received in a prior year.

3. The Child Care Center revenues and expenditures remained about the same with a loss of $8,000 before depreciation. Net Assets decreased by $8,000. There were no capital expenditures in 2016.

4. The City's Downtown Development Authority had revenue of $62,000 and made expenditures of $44,000. The DDA is included as a component unit. Payments of $11,200 were made on the principal part of the long-term debt from the purchase of the building in 2011. This debt has been extinguished.

5. $113,000 is included in inter-governmental revenue as operating grants are funds received from Floyd County/DOT. The SPLOST project approved in 2013 is shown in the Capital Project Funds: $516,763 in revenue and $632,000 in expenditures including $448,000 in debt retired and $148,812 in capital project expenditures.

6. The City has adopted GASB 67, 68, and 71 in accounting for the pension benefit plan. This adoption requires prior period adjustments applicable to 2015 and prior. See note 14.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 position--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 positions 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 the City's general government operations and the basic services it provides.

Fund Financial Statements - Continued

Governmental Funds – Continued

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 Position 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 Position 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, 2016 and 2015, net position and changes in net position 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 Position

	2016			RESTATED 2015		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
Current and Other Assets	$ 818,763	$ 971,369	$ 1,790,132	$ 918,717	$ 914,413	$ 1,833,130
Capital Assets	4,926,312	10,254,599	15,180,911	4,857,900	10,511,889	15,369,789
Total Assets	$ 5,745,075	$ 11,225,968	$ 16,971,043	$ 5,776,617	$ 11,426,302	$ 17,202,919
Long-term Debt Outstanding	$ 1,562,117	$ 4,388,905	$ 5,951,022	$ 2,056,947	$ 4,694,889	$ 6,751,836
Other Liabilities	64,934	246,814	311,748	76,726	$ 277,574	$ 354,300
Total liabilities	$ 1,627,051	$ 4,635,719	$ 6,262,770	$ 2,133,673	$ 4,972,463	$ 7,106,136
Net Position:						
Net Investment in Capital Assets	$ 3,364,195	$ 5,765,694	$ 9,129,889	$ 2,800,953	$ 5,752,052	$ 8,553,005
Restricted	0	204,361	204,361	0	200,982	200,982
Unrestricted	753,829	620,194	1,374,023	841,991	500,805	1,342,796
Total Net Position	$ 4,118,024	$ 6,590,249	$ 10,708,273	$ 3,642,944	$ 6,453,839	$ 10,096,783

The City as a Whole – Continued

Table 2

Changes in Net Position

	2016			RESTATED 2015		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$ 214,005	$ 1,292,283	$ 1,506,288	$ 201,646	$ 1,242,094	$ 1,443,740
Operating and Capital Grants	629,392	40,569	669,961	608,081	44,789	652,870
General Revenues:			0			
Sales Tax	266,234	0	266,234	257,111	0	257,111
Franchise and Other Taxes	192,718	0	192,718	185,586	0	185,586
Other Revenues	15,031	6,536	21,567	2,467	4,096	6,563
Total Revenues	$ 1,317,380	$ 1,339,388	$ 2,656,768	$ 1,254,891	$ 1,290,979	$ 2,545,870
Program Expenditures:						
General Government	$ 193,188	$ 0	$ 193,188	$ 156,569	$ 0	$ 156,569
Public Safety	413,776	0	413,776	411,112	0	411,112
Streets and Maintenance	162,763	0	162,763	209,887	0	209,887
Culture and Recreation	72,867	0	72,867	75,322	0	75,322
Water and Sewer	0	1,058,227	1,058,227	0	987,205	987,205
Day Care Center	0	144,457	144,457	0	146,306	146,306
Total Program Expenditures	$ 842,594	$ 1,202,684	$ 2,045,278	$ 852,890	$ 1,133,511	$ 1,986,401
Excess (deficiency) before Special and Extraordinary Items and Transfers	$ 474,786	$ 136,704	$ 611,490	$ 402,001	$ 157,468	$ 559,469
Transfers in (out)	294	(294)	0	88	(88)	0
Increase (Decrease) in Net Position	$ 475,080	$ 136,410	$ 611,490	$ 402,089	$ 157,380	$ 559,469
Net Position - July 1	$ 3,655,245	$ 6,465,658	$ 10,120,903	$ 3,254,437	$ 6,443,598	$ 9,698,035
Prior Year Adjustment	(12,301)	(11,819)	(24,120)	(13,582)	(147,139)	(160,721)
Restated Net Position - July 1	$ 3,642,944	$ 6,453,839	$ 10,096,783	$ 3,240,855	$ 6,296,459	$ 9,537,314
Net Position - Ending	$ 4,118,024	$ 6,590,249	$ 10,708,273	$ 3,642,944	$ 6,453,839	$ 10,096,783

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

	2016		Restated 2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government and Other	$ 193,188	$ 338,697	$ 156,569	$ 335,865
Police Department	211,236	(204,836)	214,353	(200,655)
Fire Department	202,540	(20,685)	196,759	(7,599)
Streets and Maintenance	162,763	(52,438)	209,887	(100,787)
Culture and Recreation	72,867	(59,935)	75,322	(75,322)
Total	$ 842,594	$ 803	$ 852,890	$ (48,498)

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) increased by $45,969 and expenses before depreciation and interest increased by $74,030. Major causes of these changes were as follows:

Table 4
Business-Type Activities

	Increase(Decrease)					
	2016			RESTATED 2015		
	Water & Sewer	Child Care	Net	Water & Sewer	Child Care	Net
Revenue:						
Operating	$ 50,482	$ (293)	$ 50,189	$ 98,678	$ (1,330)	$ 97,348
Contributions and Grants	0	(4,220)	(4,220)	0	(1,057)	(1,057)
Net	$ 50,482	$ (4,513)	$ 45,969	$ 98,678	$ (2,387)	$ 96,291
Expenses:						
Operating - Less Depreciation	$ 75,879	$ (1,849)	$ 74,030	$ 10,320	$ 3,733	$ 14,053
Depreciation	3,979	0	3,979	(3,435)	0	(3,435)
Net	$ 79,858	$ (1,849)	$ 78,009	$ 6,885	$ 3,733	$ 10,618

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	
	2016	RESTATED 2015	2016	2015
Revenues:				
Charges and Fees	$ 1,209,018	$ 1,158,681	$ 82,148	$ 82,207
Other Revenues and Grants	7,533	4,948	40,689	45,143
Total Revenues	$ 1,216,551	$ 1,163,629	$ 122,837	$ 127,350
Expenses:				
Operating Expenses Excluding Depreciation	$ 611,467	$ 533,076	$ 131,107	$ 132,958
Depreciation	295,425	291,446	13,350	13,348
Interest Expense	151,335	162,683	0	0
Total Expenses	$ 1,058,227	$ 987,205	$ 144,457	$ 146,306
Income (Loss) before Transfer	$ 158,324	$ 176,424	$ (21,620)	$ (18,956)
Transfer -In	(294)	(88)	0	0
Change in Net Position	$ 158,030	$ 176,336	$ (21,620)	$ (18,956)

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 $766,633 which is less than last year's total of $853,792.

The City receives payments from the County government as reimbursement for operations of the fire department. The amount received in 2016 and 2015 was $99,120 and $84,158, respectively. The amount set aside for Capital needs was $7,500.

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 $51,443 under the final budget amounts. The most significant variance occurred in the City's Public Safety departments ($28,955 under budget). In addition the City reimbursed to the County $42,000 toward debt reduction of a prior year obligation. This was a non-budgeted expenditure.

Revenue available for expenses was $8,692 under the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016 the City had $15.2 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)

	2016			2015		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Land	$ 184,190	$ 18,000	$ 202,190	$ 184,190	$ 18,000	$ 202,190
Buildings and Improvements	1,965,602	330,564	2,296,166	2,021,217	343,867	2,365,084
Equipment	385,070	117,155	502,225	409,855	83,750	493,605
Infrastructure	0	9,788,880	9,788,880	0	10,066,272	10,066,272
Construction in Progress	2,391,450	0	2,391,450	2,242,638	0	2,242,638
Totals	$ 4,926,312	$ 10,254,599	$ 15,180,911	$ 4,857,900	$ 10,511,889	$ 15,369,789

Debt

At year-end, the City had $6.0 million in bonds and notes outstanding versus $6.8 million last year as shown in Table 7. See notes 4, 5, and 20 for additional information.

Table 7

Outstanding Debt at Year-end

	2016			2015		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Revenue bonds secured by revenues of the water and sewer system	$ 0	$ 544,205	$ 544,205	$ 0	$ 637,273	$ 637,273
Note payable to GEFA secured by in fracture of the system	0	3,897,969	3,897,969	0	4,139,339	4,139,339
Building Improvement Loan secured by SPLOST revenue	1,520,488	0	1,520,488	1,969,192	0	1,969,192
Leases payable for equipment secured by equipment	1,762	46,731	48,493	5,888	13,237	19,125
Other Long-Term Debt	39,867	0	39,867	81,867	0	81,867
Total	$ 1,562,117	$ 4,488,905	$ 6,051,022	$ 2,056,947	$ 4,789,849	$ 6,846,796

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 businesses in the County.

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. There is no required schedule of payments to reimburse the County and there is no interest rate applied. The amount paid in 2016 to the County was $42,000. There is an outstanding balance of $39,867.

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 from the County.

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.

Dennis Shoaf, 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Cash Investments	$ 700,107	$ 327,034	$ 1,027,141	$ 19,678
Receivables (net of allowance for doubtful accounts):				
Taxes	40,958	0	40,958	0
Accounts	58,876	191,411	250,287	0
Other	20,852	0	20,852	0
Internal Balances	(42,014)	42,014	0	0
Due from Other Governments	0	1,724	1,724	0
Restricted Assets:				
Cash and Cash Investments	0	291,268	291,268	0
Long-term Receivable	0	90,066	90,066	0
Capital Assets:				
Buildings	$ 3,181,544	$ 541,112	$ 3,722,656	$ 62,406
Equipment	862,744	456,385	1,319,129	0
Improvements	35,310	0	35,310	0
Infrastructive	0	12,709,551	12,709,551	0
Accumulated Depreciation	(1,728,926)	(3,470,449)	(5,199,375)	(8,915)
Net of Depreciation	$ 2,350,672	$ 10,236,599	$ 12,587,271	$ 53,491
Construction in Process	$ 2,391,450	$ 0	$ 2,391,450	$ 0
Land	184,190	18,000	202,190	0
Total Assets	$ 5,705,091	$ 11,198,116	$ 16,903,207	$ 73,169
Deferred Outflow of Resources:				
Prepaid Expenditures	$ 18,640	$ 7,345	$ 25,985	$ 0
Components of Pension Plan	21,344	20,507	41,851	0
Total	$ 39,984	$ 27,852	$ 67,836	$ 0
Liabilities				
Accounts Payable	$ 26,897	$ 22,689	$ 49,586	$ 0
Accrued Expenses	1,317	28,326	29,643	0
Due to Other Governments	1,854	0	1,854	0
Payable from Restricted Assets:			0	0
Deposits	0	57,717	57,717	0
Current Portion of Long-term Debt	0	100,000	100,000	0
Accrued Interest	0	4,583	4,583	0
Non-Current Liabilities:			0	0
Due Within One Year	459,340	261,974	721,314	0
Due In More Than One Year	1,062,910	4,126,931	5,189,841	0
Due to Other Governments	39,867	0	39,867	0
Net Pension Liability	34,866	33,499	68,365	0
Total Liabilities	$ 1,627,051	$ 4,635,719	$ 6,262,770	$ 0
Net Position				
Net Investment in Capital Assets	$ 3,364,195	$ 5,765,694	$ 9,129,889	$ 53,491
Restricted for:				
Debt Service	0	204,361	204,361	0
Unrestricted	753,829	620,194	1,374,023	19,678
Total Net Position	$ 4,118,024	$ 6,590,249	$ 10,708,273	$ 73,169

See accompanying notes to the basic financial statements.

CITY OF CAVE SPRING, GEORGIA
GOVERNMENT - WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	$ 158,608	$ 15,162	$ 0	$ 516,723
Public Safety	413,776	89,135	99,120	0
Streets and Maintenance	162,763	96,776	13,549	0
Culture and Recreation	72,867	12,932	0	0
Interest on Long-term Debt	34,580	0	0	0
Total Governmental Activities	$ 842,594	$ 214,005	$ 112,669	$ 516,723
Business-type Activities:				
Water and Sewer	$ 1,058,227	$ 1,210,015	$ 0	$ 0
Day Care Center	144,457	82,268	40,569	0
Total Business-type Activities	$ 1,202,684	$ 1,292,283	$ 40,569	$ 0
Total Primary Government	$ 2,045,278	$ 1,506,288	$ 153,238	$ 516,723
Component Unit:				
Culture and Recreation	$ 44,257	$ 61,962	$ 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 - July 1, 2015
Prior Year Adjustment
Restated Net Position - Beginning - July 1, 2015
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
$ 373,277	$ 0	$ 373,277	
(225,521)	0	(225,521)	
(52,438)	0	(52,438)	
(59,935)	0	(59,935)	
(34,580)	0	(34,580)	
$ 803	$ 0	$ 803	
$ 0	$ 151,788	$ 151,788	
0	(21,620)	(21,620)	
$ 0	$ 130,168	$ 130,168	
$ 803	$ 130,168	$ 130,971	
			$ 17,705
$ 266,234	$ 0	$ 266,234	$ 0
30,708	0	30,708	0
162,010	0	162,010	0
2,304	4,880	7,184	0
12,727	1,656	14,383	0
$ 473,983	$ 6,536	$ 480,519	$ 0
294	(294)	0	0
$ 474,277	$ 6,242	$ 480,519	$ 0
$ 475,080	$ 136,410	$ 611,490	$ 17,705
$ 3,655,245	$ 6,465,658	$ 10,120,903	$ 55,464
(12,301)	(11,819)	(24,120)	0
$ 3,642,944	$ 6,453,839	$ 10,096,783	$ 55,464
$ 4,118,024	$ 6,590,249	$ 10,708,273	$ 73,169

CITY OF CAVE SPRING, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Capital Project SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Investments	$ 599,651	$ 1	$ 100,455	$ 700,107
Receivables (Net of Allowance for Doubtful Assets):				
Other Taxes	40,958	0	0	40,958
Accounts	58,103	0	773	58,876
Other	20,852	0	0	20,852
Internal Balances	72,345	8,500	247	81,092
Total Assets	$ 791,909	$ 8,501	$ 101,475	$ 901,885
Deferred Outflow of Resources:				
Prepaid Expenditures	$ 18,640	$ 0	$ 0	$ 18,640
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	$ 26,897	$ 0	$ 0	$ 26,897
Accrued Expenses	1,317	0	0	1,317
Internal Balances	122,925	0	181	123,106
Due to Other Governments	1,854	0	0	1,854
Total Liabilities	$ 152,993	$ 0	$ 181	$ 153,174
Deferred Inflow of Resources:				
Deferred Revenue	$ 718	$ 0	$ 0	$ 718
Fund Balances:				
Nonspendable Funds - Deferred Outflows	$ 18,640	$ 0	$ 0	$ 18,640
Assigned Funds - Grant Funds	0	0	13,796	13,796
Assigned Funds - Other Special Revenue Funds	0	8,501	87,498	95,999
Unassigned Funds - General Fund	638,198	0	0	638,198
Total Fund Balances	$ 656,838	$ 8,501	$ 101,294	$ 766,633
Total Liabilities and Fund Balances	$ 810,549	$ 8,501	$ 101,475	$ 920,525

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 POSITION
JUNE 30, 2016

Total Fund Balance - Total Governmental Funds	$	766,633
Amounts Reported for Governmental Activities in the Statements of Net Position are different because:		
Capital Assets used in governmental activities are not current financial resources, and therefore, not reported in the governmental funds balance sheet.		4,926,312
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		(459,340)
Due in more than one year		(1,097,776)
Due to Other governments - Long-Term		(39,867)
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:		
Deferred inflows of resources		718
Expenditures in the Statement of Revenue that do not use current deferred outflows of resources:		
Deferred outflow of resources		21,344
Net Position of Governmental Activities	$	4,118,024

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, 2016

	General	Capital Project SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales	$ 291,841	$ 0	$ 5,101	$ 296,942
Franchise and Insurance	162,010	0	0	162,010
Licenses and Permits	15,162	0	0	15,162
Intergovernmental Revenues	91,620	516,723	21,049	629,392
Charges for Services	192,475	0	0	192,475
Fines and Forfeitures	6,151	0	0	6,151
Investment Income	2,162	1	140	2,303
Miscellaneous	6,537	0	0	6,537
Total Revenue	$ 767,958	$ 516,724	$ 26,290	$ 1,310,972
Expenditures:				
Current:				
General Government	$ 134,572	$ 148,812	$ 3,962	$ 287,346
Public Safety	374,645	0	0	374,645
Streets and Maintenance	162,647	0	0	162,647
Culture and Recreation	54,693	0	0	54,693
Debt Service:				0
Principal Retirement	42,000	448,704	0	490,704
Interest Charges	0	34,580	0	34,580
Non-Current:				0
Capital Outlay	0	0	0	0
Total Expenditures	$ 768,557	$ 632,096	$ 3,962	$ 1,404,615
Net Change in Fund Balance	$ (599)	$ (115,372)	$ 22,328	$ (93,643)
Other Financing Sources (Uses):				
Proceeds from Long-term Leases	$ 0	$ 0	$ 0	$ 0
Sale of Assets	6,190	0	0	6,190
Transfers In (Out)	294	0	0	294
Total Other Financing Sources (Uses)	$ 6,484	$ 0	$ 0	$ 6,484
Net Change in Fund Balance & Other Sources (Uses):	$ 5,885	$ (115,372)	$ 22,328	$ (87,159)
Fund Balance at Beginning of Year	650,953	123,873	78,966	853,792
Fund Balance at End of Year	$ 656,838	$ 8,501	$ 101,294	$ 766,633

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, 2016

Net Change in Fund Balances - Total Governmental Funds	$	(87,159)
Amounts Reported for Governmental Activities in Statement of Activities are Different Because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, 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.		148,812
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(80,400)
The issuance of capital leases payable provides current financial resources to governmental funds, while the repayment of the principal of long-term debts consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayments to Other Governments		494,830
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.		(1,221)
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.		218
Change in Net Position of Governmental Activities	$	475,080

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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 466,800	$ 466,800	$ 453,851	$ (12,949)
Licenses and Permits	15,000	15,000	15,162	162
Grants and Receipts from Other Governments	91,800	91,800	91,620	(180)
Charges for Services	176,550	176,550	192,475	15,925
Fines and Forfeits	17,000	17,000	6,151	(10,849)
Interest	1,000	1,000	2,162	1,162
Other	8,500	8,500	6,537	(1,963)
TOTAL REVENUES	$ 776,650	$ 776,650	$ 767,958	$ (8,692)
EXPENDITURES:				
CURRENT:				
General Government	$ 114,250	$ 136,250	$ 134,572	$ 1,678
Public Safety	403,600	403,600	374,645	28,955
Streets and Maintenance	195,900	176,900	162,647	14,253
Culture and Recreation	63,250	61,250	54,693	6,557
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	$ 777,000	$ 778,000	$ 726,557	$ 51,443
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (350)	$ (1,350)	$ 41,401	$ 42,751
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-term Lease Obligations	$ 0	$ 0	$ 0	$ 0
Reimbursements to Other Governments	0	0	(42,000)	(42,000)
Sale of Assets	0	0	6,190	6,190
Transfers In/(Out)	800	800	294	(506)
TOTAL OTHER FINANCING SOURCES (USES)	$ 800	$ 800	$ (35,516)	$ (36,316)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 450	$ (550)	$ 5,885	$ 6,435
FUND BALANCE, JULY 1 - ADJUSTED	650,953	650,953	650,953	0
FUND BALANCE, JUNE 30	$ 651,403	$ 650,403	$ 656,838	$ 6,435

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, 2016

ASSETS	WATER AND SEWER FUND	CHILD CARE FUND	TOTAL
CURRENT ASSETS:			
Cash and Cash Investments	$ 326,934	$ 100	$ 327,034
Due from Other Governments	0	1,724	1,724
Current Maturity of Long-term Receivable	4,666	0	4,666
Accounts Receivable	212,083	8,896	220,979
Allowance for Doubtful Accounts	(29,568)	0	(29,568)
Due from Other Funds	114,359	0	114,359
TOTAL CURRENT ASSETS	$ 628,474	$ 10,720	$ 639,194
RESTRICTED ASSETS - CURRENT:			
Sinking and Reserve Funds - Cash	$ 208,944	$ 0	$ 208,944
Construction Fund - Cash	24,607	0	24,607
Customer Deposits - Cash	57,717	0	57,717
TOTAL RESTRICTED ASSETS - CURRENT	$ 291,268	$ 0	$ 291,268
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	12,709,551	0	12,709,551
Machinery and Equipment	427,344	29,041	456,385
Total at Cost before Depreciation	$ 13,136,895	$ 570,153	$ 13,707,048
Less Accumulated Depreciation	3,230,933	239,516	3,470,449
NET PROPERTY, PLANT AND EQUIPMENT	$ 9,905,962	$ 330,637	$ 10,236,599
OTHER ASSETS:			
Long-term Receivable	85,400	0	85,400
TOTAL NONCURRENT ASSETS	$ 10,009,362	$ 330,637	$ 10,339,999
TOTAL ASSETS	$ 10,929,104	$ 341,357	$ 11,270,461
DEFERRED OUTFLOW OF RESOURCES:			
Prepaid Expenditures	$ 6,659	$ 686	$ 7,345
Components of Pension Plan	20,507	0	20,507
Total	$ 27,166	686	27,852

See accompanying notes to the basic financial statements.

	WATER AND SEWER FUND	CHILD CARE FUND	TOTAL
LIABILITIES			
Current Liabilities:			
Notes Payable	$ 248,821	$ 0	$ 248,821
Accounts Payable	20,671	2,018	22,689
Lease Payable	13,153	0	13,153
Accrued Expenses	26,651	1,675	28,326
Due to Other Funds	0	72,345	72,345
Total Current Liabilities Payable from Unrestricted Assets	$ 309,296	$ 76,038	$ 385,334
Current Liabilities Payable from Restricted Assets:			
Accounts Payable and Accrued Revenue Bond Interest	$ 4,583	$ 0	$ 4,583
Current Maturities of Revenue Bonds	100,000	0	100,000
Customer Deposits	57,717	0	57,717
Total Current Liabilities Payable from Restricted Assets	$ 162,300	$ 0	$ 162,300
Long-term Liabilities:			
Revenue Bonds Payable net of Current Maturities	$ 444,205	$ 0	$ 444,205
Note Payable - Net of Current Maturities	3,649,148	0	3,649,148
Accounts & Notes Payable - Projects	0	0	0
Leases Payable Net of Current Maturities	33,578	0	33,578
Pension Fund Liabilities- Net	33,499	0	33,499
Total Long-term Liabilities	$ 4,160,430	$ 0	$ 4,160,430
TOTAL LIABILITIES	$ 4,632,026	$ 76,038	$ 4,708,064
NET POSITION			
Net Investment in Capital Assets	$ 5,435,057	$ 330,637	$ 5,765,694
Bond Debt Service	204,361	0	204,361
Construction	0	0	0
Deposits	0	0	0
Unrestricted	684,826	(64,632)	620,194
TOTAL NET POSITION	$ 6,324,244	$ 266,005	$ 6,590,249

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, 2016

	Water and Sewer	Child Care Fund	Total
OPERATING REVENUES:			
Charges and Fees (Revenues Securing Debt)	$ 1,209,018	$ 0	$ 1,209,018
Charges and Fees	0	82,148	82,148
Other Revenue	997	120	1,117
TOTAL OPERATING REVENUES	$ 1,210,015	$ 82,268	$ 1,292,283
OPERATING EXPENSES:			
Personnel Services	$ 279,509	$ 97,856	$ 377,365
Purchase of Services	95,225	3,105	98,330
Materials and Supplies	142,897	17,575	160,472
Depreciation and Amortization	295,425	13,350	308,775
Utilities	93,836	12,571	106,407
TOTAL OPERATING EXPENSES	$ 906,892	$ 144,457	$ 1,051,349
OPERATING INCOME (LOSS)	$ 303,123	$ (62,189)	$ 240,934
NONOPERATING REVENUES (EXPENSES):			
Interest Income	$ 4,880	$ 0	$ 4,880
Debt Service - Interest Expense	(151,335)	0	(151,335)
Disposal of Assets	1,656	0	1,656
Grant - United Way	0	20,840	20,840
Grants:			
Federal	0	17,265	17,265
State Reimbursements for Services	0	2,464	2,464
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (144,799)	$ 40,569	$ (104,230)
INCOME (LOSS) BEFORE TRANSFERS	$ 158,324	$ (21,620)	$ 136,704
TRANSFERS IN/(OUT)	(294)	0	(294)
CHANGE IN NET POSITION	$ 158,030	$ (21,620)	$ 136,410
NET POSITION - JULY 1	$ 6,178,033	$ 287,625	$ 6,465,658
Prior Year Adjustment	(11,819)	0	(11,819)
Adjusted Net Position - July 1	$ 6,166,214	$ 287,625	$ 6,453,839
NET POSITION - JUNE 30	$ 6,324,244	$ 266,005	$ 6,590,249

See accompanying to notes to the basic financial statements.

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business - Type Activities - Enterprise Funds		
	Water and Sewer Fund	Child Care Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,198,412	$ 80,008	$ 1,278,420
Cash payments to supplies for goods and services	(391,800)	(32,657)	(424,457)
Cash payments to employees for services	(276,477)	(97,294)	(373,771)
Cash payments (to) from other funds	(9,514)	10,373	859
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 520,621	$ (39,570)	$ 481,051
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers - in(out)	$ (294)	$ 0	$ (294)
Grants and Contributions	0	39,665	39,665
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	$ (294)	$ 39,665	$ 39,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Aquisition and construction of capital assets	$ (49,552)	$ 0	$ (49,552)
Loan Cost	0	0	0
Sale of Equipment	1,656	0	1,656
Note Proceeds	47,752	0	47,752
Increase (Decrease) in Construction Debt	0	0	0
Reduction of Bond Debt Principal - Net	(95,000)	0	(95,000)
Reduction of Note Payable Principal	(241,370)	0	(241,370)
Reduction of Accounts Payable for Equipment	0	0	0
Reduction of Lease Contracts - Principal	(14,298)	0	(14,298)
Interest Paid on Bonds and Notes	(152,176)	0	(152,176)
Increase in Pension Plan Liability - Net	1,173	0	1,173
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ (501,815)	$ 0	$ (501,815)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Long-term Receivable - Net	$ 4,528	$ 0	$ 4,528
Interest on Cash and Cash Investments	4,880	0	4,880
NET CASH FLOWS FROM INVESTING ACTIVITIES	$ 9,408	$ 0	$ 9,408
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 27,920	$ 95	$ 28,015
CASH AND CASH EQUIVALENTS - JULY 1	590,282	5	590,287
CASH AND CASH EQUIVALENTS - JUNE 30	$ 618,202	$ 100	$ 618,302

CITY OF CAVE SPRING, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	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	$ 303,123	$ (62,189)	$ 240,934
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	293,493	13,350	306,843
Amortization	1,932	0	1,932
Allowance for doubtful accounts	(517)	0	(517)
Change in assests and liabilities:			0
(Increase) Decrease in Accounts Receivable	(12,727)	(2,260)	(14,987)
Increase (Decrease) in Accounts Payable	(58,731)	779	(57,952)
(Increase) Decrease in Prepaid Expense	1,919	377	2,296
(Increase) Decrease in Payment (to) from Other Funds	(9,514)	10,373	0 859
Increase (Decrease) in Deposits	1,643	0	1,643
Net Cash Provided (Used) by Operating Activities	$ 520,621	$ (39,570)	$ 481,051
Reconciliation of Total Cash and Cash Investments:			
Current Assets - Cash and Cash Equivalents	$ 326,934	$ 100	$ 327,034
Restricted Assets - Cash and Cash Equivalents	291,268	0	291,268
Total Cash and Cash Equivalents	$ 618,202	$ 100	$ 618,302
Non - Cash Transaction:			
Purchase of Equipment			
Cost	$ 49,552	$ 0	$ 49,552
Loan Proceeds	47,752	0	47,752
Net Cash Payment	$ 1,800	$ 0	$ 1,800

See accompanying notes to the basic financial statements.

CITY OF CAVE SPRING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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. Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets 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 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 of $159,203 for the year 2016, net of depreciation of $295,425, which is not budgeted.

B. The SPLOST Project (Capital Projects Fund) was nearing completion at year end. The status for June 30, 2016 was expenditures over revenue in the amount of $115,372. There was a loan of $2,300,000 from a lending institution that exceeded the short fall to allow for completion of the project. The loan will be repaid from SPLOST taxes collected.

C. The Child Care Fund experienced a reduction of net position of $21,620, 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 $41,401 before other financing sources. A deficit of $550 was budgeted from the fund balance.

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 include 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, 2016, the General Fund, Water and Sewer Fund, and Child Care Fund were liable for $1,317, $12,696 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:

Non-spendable 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.

Q. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the City of Cave Spring Retirement Plan (a participating member of the Georgia Municipal Employees Benefit System) (GMEBS) and additions to/deductions from the Plan's fiduciary net position has been determined on the same basis as reported by GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

	CATEGORY 1	CATEGORY 2	CATEGORY 3	BANK BALANCE	CARRYING AMOUNT
Primary Government	$ 786,517	$ 0	$ 579,788	$ 1,366,305	$ 1,318,109

The carrying amount for the reporting entity totaling $1,318,409 includes $291,268 grouped with restricted assets and exclude $300 in cash on hand which is not held at financial institutions

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 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	2,242,638	148,812	0	2,391,450
Total	$ 2,426,828	$ 148,812	$ 0	$ 2,575,640
Capital Assets being depreciated:				
Buildings	$ 3,181,544	$ 0	$ 0	$ 3,181,544
Equipment	862,744	0	0	862,744
Improvements	35,310	0	0	35,310
Infrastructure	0	0	0	0
Total	$ 4,079,598	$ 0	$ 0	$ 4,079,598
Less Accumulated Depreciation:				
Buildings	$ 1,183,522	$ 54,496	$ 0	$ 1,238,018
Equipment	452,889	24,785	0	477,674
Improvements	12,115	1,119	0	13,234
Infrastructure	0	0	0	0
Total	$ 1,648,526	$ 80,400	$ 0	$ 1,728,926
Total capital asset being depreciated, net	$ 2,431,072	$ (80,400)	$ 0	$ 2,350,672
Governmental Activities Capital Assets, Net	$ 4,857,900	$ 68,412	$ 0	$ 4,926,312
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	406,833	49,552	0	456,385
Improvements	0	0	0	0
Infrastructure	12,709,551	0	0	12,709,551
Total	$ 13,657,496	$ 49,552	$ 0	$ 13,707,048
Less Accumulated Depreciation				
Buildings	$ 197,245	$ 13,303	$ 0	$ 210,548
Equipment	323,083	16,147	0	339,230
Improvements	0	0	0	0
Infrastructure	2,643,279	277,392	0	2,920,671
Total	$ 3,163,607	$ 306,842	$ 0	$ 3,470,449
Total Capital Assets being depreciated, net	$ 10,493,889	$ (257,290)	$ 0	$ 10,236,599
Business-type Activities Capital Assets, Net	$ 10,511,889	$ (257,290)	$ 0	$ 10,254,599

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	$ 36,524
Public Safety	38,724
Streets and Maintenance	3,978
Library, Recreation, and Community Center	1,174
Total Depreciation Expense - Governmental Activities	$ 80,400
Business-type Activities:	
Water and Sewer	$ 293,492
Day Care	13,350
Total Depreciation Expense - Business-Type Activities	$ 306,842

4. LONG-TERM DEBT

Water Revenue Bonds

Water revenue bonds issued for improvements to the water system and payable at June 30, 2016 consist of the following:

	Balance 7/1/2015	Increase	Decrease	Balance 6/30/2016
$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	$ 645,000	$ 0	$ 95,000	$ 550,000
Less Unamortized Discounts on Bond Issuance	(7,727)	0	(1,932)	(5,795)
NET	$ 637,273	$ 0	$ 93,068	$ 544,205

The annual requirements to amortize the above bonds as of June 30, 2016, including interest payments, are as follows:

4. **LONG-TERM DEBT – Continued**

Date Matures	Principal	Interest	Total
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	0	5,875	5,875
11-01-19	115,000	5,875	120,875
05-01-20	0	3,000	3,000
11-01-20	120,000	3,000	123,000
TOTAL	$ 550,000	$ 71,250	$ 621,250
Current Maturities	100,000	25,000	125,000
Long-term Maturities	$ 450,000	$ 46,250	$ 496,250

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 $ 204,361. 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		37,917
Total Required	$	192,917
Actual:		
Sinking Fund Reserves		208,944
Underfunded (Excess) Reserve	$	(16,027)

5. LEASES AND NON-CASH TRANSACTIONS

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

	Balance 07-01-15	Increase	Decrease	Balance 06-30-16
Long-term Debt - General Fund				
Lease payable to financing authority, 3.48% interest, payable $355 monthly, secured by equipment of $19,548	$ 5,888	$ 0	$ 4,126	$ 1,762
Total	$ 5,888	$ 0	$ 4,126	$ 1,762
Less amount due currently	4,126	0	2,364	1,762
Net due after 12 months	$ 1,762	$ 0	$ 1,762	$ 0
Water and Sewer Fund:				
Lease payable to financing authority, 3.77% interest, payable $752 monthly, secured by equipment of $41,053	$ 7,390	$ 0	$ 7,390	$ 0
Lease payable to financing authority, 3.48% interest, payable $355 monthly, secured by equipment of $19,548	$ 5,887	$ 0	$ 4,125	$ 1,762
Lease payable to financing authority, 3.69% interest, payable $1,072 monthly, secured by equipment of $49,712	$ 0	$ 47,752	$ 2,783	$ 44,969
Total	$ 13,277	$ 47,752	$ 14,298	$ 46,731
Less Amount Due Currently - Water & Sewer	11,516	11,391	9,754	13,153
Net Due After Twelve Months	$ 1,761	$ 36,361	$ 4,544	$ 33,578

5. LEASES AND NON-CASH TRANSACTIONS (Continued)

Future minimum lease payments together with the net present value of minimum lease payments at June 30, 2016 are as follows:

Year	General Fund	Water & Sewer Fund
2017	$ 1,777	$ 14,636
2018	0	12,859
2019	0	12,859
2020	0	9,644
Minimum Lease Payments for Capital Lease	$ 1,777	$ 49,998
Less Amount Representing Interest at the City's Incremental Borrowing Rate	15	3,267
Present Value of Minimum Lease Payments	$ 1,762	$ 46,731

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. 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, 2016 applicable to June 30, 2013 was $39,867.

7. NOTES PAYABLE AND LONG-TERM FINANCING

The City of Cave Spring, Georgia, Water and Sewer Enterprise Fund financed construction of improvements to its water & sewer system. The notes are payable to Georgia Environmental Facilities Authority. Interest accrues at 3.07% and 3.86%. The balance of the notes at June 30, 2016 is $352,348. The notes are secured by the system. Changes for the year are as follows:

	Balance 07-01-15	Increase	Decrease	Balance 06-30-16
Note #1 3.07%	$ 350,168	$ 0	$ 50,813	$ 299,355
Note #2 3.86%	57,826	0	4,833	52,993
Total	$ 407,994	$ 0	$ 55,646	$ 352,348
Less Amount Due Currently	55,016	2,432	0	57,448
Net Due After Twelve Months	$ 352,978	$ (2,432)	$ 55,646	$ 294,900

7. NOTES PAYABLE (Continued)

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

	Payments	Principal	Interest	Total
Note #1:				
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
06-30-20	12	57,455	3,413	60,868
06-30-21	12	59,253	1,615	60,868
07-01-21 to 10-31-21	4	20,455	133	20,588
Total	64	$ 299,355	$ 25,575	$ 324,930
Note #2:				
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
06-30-20	12	5,638	1,342	6,980
06-30-21	12	5,860	1,120	6,980
07-01-21 to 06-30-25	48	25,828	3,240	29,068
Total	108	$ 52,993	$ 10,975	$ 63,968
Total		352,348	36,550	388,898
Current Maturities		57,448	10,401	67,849
Long-term Maturities		$ 294,900	$ 26,149	$ 321,049

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				
6-30-17	12	$ 295,125	$ 191,373	$ 103,752
6-30-18	12	295,125	197,195	97,930
6-30-19	12	295,125	203,192	91,933
06-30-20	12	295,125	209,373	85,752
06-30-21	12	295,125	215,741	79,384
6-30-22 to 6-30-26	60	1,475,626	1,181,218	294,408
6-30-27 to 6-30-31	59	1,451,032	1,347,529	103,503
TOTAL	179	$ 4,402,283	$ 3,545,621	$ 856,662
Less Due Currently	12	295,125	191,373	103,752
Net Long-term	167	$ 4,107,158	$ 3,354,248	$ 752,910

7. NOTES PAYABLE (Continued)

Changes to the note payable were as follows:

	Balance 07-01-16	Increase	Decrease	Balance 06-30-16
Note, 3%	$ 3,731,345	$ 0	$ 185,724	$ 3,545,621
Less Amount Due Currently	(185,725)	0	5,648	(191,373)
Net Due After Twelve Months	$ 3,545,620	$ 0	$ 191,372	$ 3,354,248

8. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The purpose of the inter-fund 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 $294. As of June 30, 2016, inter-fund receivables or payables were as follows:

FUND	AMOUNT DUE FROM	AMOUNT DUE TO
General Fund	$ 122,925	$ 72,345
SPLOST Fund	0	8,500
Grant Fund	181	247
Water & Sewer Fund	0	114,359
Child Care Fund	72,345	0
Total	$ 195,451	$ 195,451

9. DUE TO/FROM OTHER GOVERNMENTS

The amounts due to or from other governments at June 30, 2016, are as follows:

	CURRENT	
FUND	AMOUNT DUE FROM	AMOUNT DUE TO
General Fund:		
U.S. Treasury	$ 0	$ 0
Georgia Dept. of Revenue	0	1,854
Total	$ 0	$ 1,854
Day Care Fund:		
U.S. Government	$ 1,724	$ 0
	OTHER	
General Fund:		
County	$ 0	$ 39,867

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. 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. For termination prior to 10-2-00 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 percent applied is 1.5% for termination on or after 10-2-00.

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 9.23% for 2016 and 9.22% for 2015 of annual covered payroll. This report covers the results of the December 31, 2015 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; 10 years for temporary retirement incentive programs; 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.

The presentation below represents accounting under GASB 27 by which the Plan was accounted for in years prior to 2015. The GASB 67, 68, and 71 calculations used in the financial statements follows these presentations.

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	$	344,478
Current Employees:		
Employer Financed - Vested		236,361
Employer Financed - Nonvested		34,054
Total Present Value of Accrued Plan Benefits	$	614,893
Net Assets Available for Benefits, at Market Value		605,408
Unfunded (Surplus) Present Value of Accrued Plan Benefits	$	9,485

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, 2016, the estimated minimum annual contribution under these standards is $24,792. 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 $19,692 were made in accordance with contribution requirements by the various departments as follows: $10,043 (General Fund), $9,649 (Water and Sewer Fund), and $0 (Child Care Fund). Currently nine (9) retirees or beneficiaries are receiving benefits. The City's annual pension cost of $19,692 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 $210,273. The total contribution consisted of $18,971 normal cost (9.0 percent of covered payroll) and $0 amortization of the unfunded actuarial accrued liability (0 percent of covered payroll). Total payroll for all funds for the year ended June 30, 2016 was approximately $672,000. The following information was used in arriving at the required annual contribution.

Plan Description Under GASB 68– All qualified permanent and probationary employees (except for fire department employees) are eligible to participate in the Pension Plan administered by GMEBS along with City of Cave Spring officials. GMEBS acts a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. GMEBS issues publicly available reports that include a full description of the plan regarding benefit provisions, assumptions and membership information that can be found in the Office of City Clerk, Cave Spring, Georgia.

10. RETIREMENT BENEFITS (Continued)

Contributions – The actuarially determined contribution was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 2017. Contributions are recorded based on date of receipt into the GMEBS trust. 2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation.

Net Pension Liability – The net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan was measured as of June 30, 2016, using an annual actuarial valuation as of September 30, 2015.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
Total Pension Liability:		
Service Cost	$ 10,427	$ 15,406
Interest	47,798	49,040
Differences between Expected and Actual Experience	12,924	(44,181)
Changes of Assumptions	0	(7,714)
Changes of Benefits Terms	0	0
Benefit Payments	(28,243)	(28,926)
Net Change in Total Pension Liability	$ 42,906	$ (16,375)
Total Pension Liability - Beginning	630,867	647,242
Total Pension Liability - Ending	$ 673,773	$ 630,867
Plan Fiduciary Net Position:		
Contributions - Employer	$ 26,862	$ 29,383
Contributions - Employees	0	0
Net Investment Income	7,077	62,483
Benefit Payments	(28,243)	(28,926)
Administrative Expense	(6,440)	(5,344)
Other	0	0
Net Change in Fiduciary Net Position	$ (744)	$ 57,596
Plan Fiduciary Net Position - Beginning	606,152	548,556
Plan Fiduciary Net Position - Ending	$ 605,408	$ 606,152
Net Pension Liability - Ending	$ 68,365	$ 24,715
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.85%	96.08%
Covered-Employee Payroll	$ 277,089	$ 210,273
Net Pension Liability as a Percentage of Covered-Employee Payroll	24.67%	11.75%

10. **RETIREMENT BENEFITS (Continued)**

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the plan.

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follows:

	TPL	FNP	NPL
Balance at September 30, 2014	$ 630,867	$ 606,152	$ 24,715
Changes for the Year:			
Service Cost	$ 10,427	$ 0	$ 10,427
Interest	47,798	0	47,798
Differences between Expected and actual Experience	12,924	0	12,924
Contributions - Employer	0	26,862	(26,862)
Net Investment Income	0	7,077	(7,077)
Benefit Payments	(28,243)	(28,243)	0
Administrative Expenses	0	(6,440)	6,440
Net Changes	$ 42,906	$ (744)	$ 43,650
Balance at September 30, 2015	$ 673,773	$ 605,408	$ 68,365

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
Result	$ 139,479	$ 68,365	$ 7,909

Pension Plan Fiduciary Net Position (FNP) - Detailed information about the Plan's fiduciary net position is available in the GMEBS financial report.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized net pension liability of $2,394. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual	$ 6,462	$ 0
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Plan Investments	19,580	0
Total	$ 26,042	0

10. RETIREMENT BENEFITS (Continued)

Projected Recognition of Deferred Outflows/Inflows	Balance at 7-01-15	Recognized 06-30-16	Balance at 06-30-16
Fiscal Year Outflows - 2016	$ 52,521	$ 14,383	$ 38,138
Fiscal Year Inflows - 2015	(42,076)	(29,980)	(12,096)
Net Total	$ 10,445	$ (15,597)	$ 26,042

Subsequent Recognitions of Balance:	Outflows	Inflows	Net
2017	$ 14,381	$ (4,032)	$ 10,349
2018	7,919	(4,032)	3,887
2019	7,919	(4,032)	3,887
2020	7,919	0	7,919
Net Total	$ 38,138	$ (12,096)	$ 26,042

There were no pension expenses payable as contributions to the City's Plan at June 30, 2016.

Summary of Plan Provisions

Employer	City of Cave Spring, Georgia
Social Security	Yes
Participant Contributions	Noncontributory
Original Effective Date	04-01-88
Master Plan/Adoption Agreement	01-01-03
Eligibility Requirements	Employees: No waiting period Officials: Not Covered
Normal Retirement Age	65+5
Early Retirement	55+10
Benefit Formula	1.25% - Terminations Prior to 10-01-00 1.50% - Terminations on or after 10-01-00
Vesting	10 Years Automatic Option A (Eligibility Changed to 7 years of credited service; Previous Eligibility was 10 years
Death Benefits	Term Vested Auto A death benefit effective 01-01-03

10. RETIREMENT BENEFITS (Continued)

Pensioners as of the Valuation Date			9
Participants inactive during year ended			8
Participants active during the year ended			9
Fully Vested		2	
Not Vested		7	
Actuarial Factors as of Valuation:			
Normal Cost, including admin expenses			$ 25,044
Present Value of Future Benefits			$ 760,536
Actuarial Accrued Liability			$ 642,188
Pensioners and Beneficiaries	$	200,615	
Inactive Participants with Vesting		143,863	
Active Participants		297,710	
Actuarial Value of Assets			651,483
Unfunded/(Surplus) actuarial Accrued Liability			$ (9,295)

Historical trend information for the City pension plan under GASB 27 and GASB 68 is presented below:

	01-01-16	01-01-15	01-01-14	03-01-13	03-01-12
Net Assets Available for Benefits as a Percentage of Present value of Accrued Plan Benefits to the City's Employees	98.46%	103.44%	96.16%	90.97%	84.62%
City's Contributions to the Pension Plan as a Percentage of the City's Annual Covered Payroll	9.23%	9.22%	9.49%	7.94%	8.00%
Actuarial Value of Plan Assets	$ 651,483	$ 616,916	$ 578,365	$ 554,682	$ 524,674
Actuarial Accrued Liability	$ 642,188	$ 605,427	$ 604,305	$ 576,231	$ 520,130
Unfunded Actuarial Liability or Funding (Excess)	$ (8,285)	$ (11,489)	$ 25,940	$ 21,549	$ (4,544)
Actuarial value of Assets as a % of Actuarial Accrued Liability	101.45%	101.90%	95.71%	96.26%	100.87%
Annual Covered Payroll	$ 277,089	$ 210,273	$ 302,984	$ 634,162	$ 259,973
Ratio of Unfunded Actuarial Liability or Excess to Annual Covered Payroll	3.35%	5.46%	8.56%	5.92%	-17.48%
Annual Pension Cost	$ 25,996	$ 19,692	$ 29,252	$ 29,427	$ 21,161
% 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 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 areas are members of the Northwest Georgia Regional Commission (NWGRC). Membership in an NWGRC 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 NWGRCs. Each county and municipality in the state is required by law to pay minimum annual dues to the NWGRC. The City paid annual dues in the amount of $ 1,200 to the NWGRC for the year ended June 30, 2016. The NWGRC board

13. JOINT VENTURE – CONTINUED

member-ship 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 Northwest Georgia Regional Commission central office in Rome, Georgia.

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 AND PRIOR PERIOD ADJUSTMENT

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 are 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.

Prior Period Adjustment - 2015

Charges associated with obtaining loans in years prior to 2014 were capitalized and were being amortized over the life of the loans. A correction was made in 2015 applicable to prior years to remove the capitalized charges through the net position of the Water and Sewer Department. The following shows accounts affected by the prior year adjustment:

		2016		2015 and Prior
Assets				
Deferred Charges		N/A	$	132,808
Total Assets		N/A	$	132,808
Net Position - July 1	$	N/A	$	6,443,598
Deferred Charges Correction		N/A		(132,808)
Restated Net Position - July 1	$	N/A	$	6,310,790

Prior Period Adjustment – 2016 Pension Plan

The following information is provided that shows the Plan's prior period and current year adjustments made to comply with GASB 68 and 71.

14. PRIOR PERIOD ADJUSTMENT - CONTINUED

	Prior Period	2016	Total
Pension Expense	$ 24,120	$ 2,394	$ 26,514
Deferred Outflows	595	41,256	41,851
Net Pension Liability	$ 24,715	$ 43,650	$ 68,365
Allocation of Pension Expense:			
Water & Sewer	$ 11,819	$ 1,173	$ 12,992
Governmental	12,301	1,221	13,522
Total	$ 24,120	$ 2,394	$ 26,514

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 06-30-15	Net Change	Balance 06-30-16
Cash	$ 14,513	$ 378	$ 14,891
Accounts Receivable	678	95	773
Accounts Payable	(666)	666	0
Total	$ 14,525	$ 1,139	$ 15,664
Revenue		$ 5,101	
Expenditures		3,962	
Net Revenue over Expenditures		$ 1,139	

Twenty and 20/100 (20.20) percent of the total tax available was expended during the year. All expenditures were in accordance with legal requirements.

16. SUMMARY 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, 2016 are as follows:

	WATER AND SEWER	CHILD CARE	TOTAL
Operating Revenues	$ 1,210,015	$ 82,268	$ 1,292,283
Operating Expenses	611,467	131,107	742,574
Operating Income (Loss) before Depreciation	$ 598,548	$ (48,839)	$ 549,709
Depreciation and Amortization	295,425	13,350	308,775
Operating Income (Loss)	$ 303,123	$ (62,189)	$ 240,934
Non-operating Revenues (Expenses), Net	(144,799)	40,569	(104,230)
Net Income (Loss) before Transfers	$ 158,324	$ (21,620)	$ 136,704
Transfers in (out), Net	(294)	0	(294)
Net Income	$ 158,030	$ (21,620)	$ 136,410
Current Assets	$ 628,474	$ 11,406	$ 639,880
Restricted Assets	291,268	0	291,268
Property, Plant and Equipment, Net	9,923,962	330,637	10,254,599
Other Assets	112,566	0	112,566
Total Assets	$ 10,956,270	$ 342,043	$ 11,298,313
Current Liabilities (Payable from Current Assets)	$ 309,296	$ 76,038	$ 385,334
Current Liabilities (Payable from Restricted Assets)	162,300	0	162,300
Long-term Liabilities	4,160,430	0	4,160,430
Total Liabilities	$ 4,632,026	$ 76,038	$ 4,708,064
Capital Assets	$ 5,435,057	$ 330,637	$ 5,765,694
Restricted	204,361	0	204,361
Unrestricted	684,826	(64,632)	620,194
Net Position	$ 6,324,244	$ 266,005	$ 6,590,249
Net Working Capital Unrestricted	$ 319,178	$ (64,632)	$ 254,546
Property, Plant and Equipment Additions	$ 49,552	$ 330,637	$ 380,189
Property, Plant and Equipment Deletions	$ 0	$ 0	$ 0

16. SUMMARY INFORMATION - ENTERPRISE FUNDS (Continued)

	WATER AND SEWER	CHILD CARE	TOTAL
Cash Provided (Used) by Operating Activities	$ 520,621	$ (39,570)	$ 481,051
Cash Provided (Used) by Non-Capital Financing Activities	(294)	39,665	39,371
Cash Provided (Used) by Capital and Related Financing Activities	(501,815)	0	(501,815)
Cash Provided from Investing Activities	9,408	0	9,408
Cash - Beginning	590,282	5	590,287
Cash - Ending	$ 618,202	$ 100	$ 618,302

17. RECEIVABLES

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

	Governmental Activities		Business-type Activities	
	Receivable	Allowance	Receivable	Allowance
Accounts Receivable	$ 72,650	$ 13,774	$ 220,979	$ 29,568
Fines and Forfeitures and Other	80,317	18,507	0	0
Total	$ 152,967	$ 32,281	$ 220,979	$ 29,568

18. 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. This note was paid in full in 2016.

Changes for the year are as follows:

	Balance 07-01-15	Increase	Decrease	Balance 06-30-16
Note, 6.75%	$ 11,592	$ 0	$ 11,592	$ 0
Less Amount Due Currently	(11,592)	0	(11,592)	0
Net Due After Twelve Months	$ 0	$ 0	$ 0	$ 0

19. 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
6-30-17	$ 4,666	$ 2,638	$ 7,304
6-30-18	4,807	2,497	7,304
6-30-19	4,954	2,350	7,304
06-30-20	5,105	2,199	7,304
06-30-21	5,260	2,044	7,304
6-30-22 to 6-30-26	28,799	7,721	36,520
6-30-27 to 6-30-31	33,453	3,067	36,520
7-1-31 to 11-30-31	3,022	21	3,043
TOTAL	$ 90,066	$ 22,537	$ 112,603
Current	4,666	2,638	7,304
Long Term	$ 85,400	$ 19,899	$ 105,299

20. 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. 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 $ 42,000 was made in the current year from the general fund.

B. A new SPLOST project was approved in 2014 in the amount of 2.3 million dollars. The purpose of the project is to renovate existing buildings. The revenue and expenditures for the year are shown in the SPLOST Capital Projects Funds. The 2.3 million dollars was advanced by a lending agency for the purpose of completing the project. The loan payments are to be paid from SPLOST taxes collected in the SPLOST Capital Projects fund as follows:

	Balance 7-1-15	Increase	Decrease	Balance 6-30-16
Note to financial institution, 1.96 % $2,300,000 payable, $40,274 principal and interest for 60 months secured by real estate and SPLOST taxes collected in				
General Fund	$ 1,969,192	$ 0	$ 448,704	$ 1,520,488

The Note is due as follows:

YEAR	Number of Payments	Payments	Principal	Interest
6-30-17	12	$ 483,283	$ 457,578	$ 25,705
6-30-18	12	483,283	466,627	16,656
6-30-19	12	483,283	475,856	7,427
6-30-20	3	120,821	120,427	394
Total	39	$ 1,570,670	$ 1,520,488	$ 50,182
Less Due Currently	12	$ 483,283	$ 457,578	$ 25,705
Net Due After 12 Months	27	$ 1,087,387	$ 1,062,910	$ 24,477

COMBINING FINANCIAL STATEMENTS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Fire Department/County Capital Funds – To account for receipts and disbursements for capital funds from the county.

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
MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	MAJOR CAPITAL PROJECTS FUND	NON-MAJOR FUNDS	
	SPLOST FUNDS	HOTEL/MOTEL FUNDS	FIRE DEPT. FUNDS
ASSETS			
Cash	$ 1	$ 14,891	$ 1,112
Accounts Receivable	0	773	0
Due from Other Funds	8,500	0	0
TOTAL ASSETS	$ 8,501	$ 15,664	$ 1,112
LIABILITIES AND FUND BALANCE			
Liabilities:			
Account Payables	$ 0	$ 0	$ 0
Due to Other Funds	0	0	0
Total Liabilities	$ 0	$ 0	$ 0
Fund Balance:			
Assigned Funds - Grant Funds	$ 0	$ 0	$ 0
Assigned Funds - Other	8,501	15,664	1,112
Total Fund Balances	$ 8,501	$ 15,664	$ 1,112
TOTAL LIABILITIES AND AND FUND BALANCE	$ 8,501	$ 15,664	$ 1,112

	NON-MAJOR FUNDS				
	FIRE DEPT. CAPITAL FUNDS	CONFISCATED PROPERTY FUNDS	CEMETERY PERPETUAL CARE FUND	GRANT FUNDS	TOTAL OTHER NON-MAJOR GOVERNMENTAL FUNDS
	$ 15,699	$ 5,391	$ 49,813	$ 13,549	$ 100,455
	0	0	0	0	773
	0	0	0	247	247
	$ 15,699	$ 5,391	$ 49,813	$ 13,796	$ 101,475
	$ 0	$ 0	$ 0	$ 0	$ 0
	181	0	0	0	181
	$ 181	$ 0	$ 0	$ 0	$ 181
	0	0	0	$ 13,796	$ 13,796
	15,518	5,391	49,813	0	87,498
	$ 15,518	$ 5,391	$ 49,813	$ 13,796	$ 101,294
	$ 15,699	$ 5,391	$ 49,813	$ 13,796	$ 101,475

CITY OF CAVE SPRING, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	MAJOR CAPITAL PROJECTS FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	
	SPLOST FUNDS	HOTEL/MOTEL FUNDS	FIRE DEPT. FUNDS
REVENUES:			
Intergovernmental:			
Federal/State/County	$ 0	$ 0	$ 0
Other Funds -Taxes	516,723	5,101	0
Other Funds -Interest and Other	1	0	0
TOTAL REVENUES	$ 516,724	$ 5,101	$ 0
EXPENDITURES:			
General Government	$ 148,812	$ 3,962	$ 0
Public Safety	0	0	0
Streets and Maintenance	0	0	0
Culture/Recreation			
Lease Payments	483,284	0	0
TOTAL EXPENDITURES	$ 632,096	$ 3,962	$ 0
NET CHANGE IN FUND BALANCE	$ (115,372)	$ 1,139	$ 0
OTHER FINANCING SOURCES (USES):			
Lease Revenue	0	0	0
Transfers In/(Out)	0	0	0
NET CHANGE IN FUND BALANCE AND OTHER SOURCES (USES)	$ (115,372)	$ 1,139	$ 0
FUND BALANCE - BEGINNING	123,873	14,525	1,112
FUND BALANCE - ENDING	$ 8,501	$ 15,664	$ 1,112

FIRE DEPT. CAPITAL FUND	CONFISCATED PROPERTY FUNDS	CEMETERY PERPETUAL CARE FUND	GRANT FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
$ 7,500	$ 0	$ 0	$ 13,549	$ 21,049
0	0	0	0	5,101
0	0	140	0	140
$ 7,500	$ 0	$ 140	$ 13,549	$ 26,290
$ 0	$ 0	$ 0	$ 0	$ 3,962
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
$ 0	$ 0	$ 0	$ 0	$ 3,962
$ 7,500	$ 0	$ 140	$ 13,549	$ 22,328
0	0	0	0	0
0	0	0	0	0
$ 7,500	$ 0	$ 140	$ 13,549	$ 22,328
8,018	5,391	49,673	247	78,966
$ 15,518	$ 5,391	$ 49,813	$ 13,796	$ 101,294

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

	2016				2015
	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	550,000	550,000	516,724	(33,276)	477,423
TOTAL REVENUES	$ 550,000	$ 550,000	$ 516,724	$ (33,276)	$ 477,423
EXPENDITURES:					
General Government	$ 150,000	$ 150,000	$ 148,812	$ 1,188	$ 2,242,638
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
Lease Payments	500,000	500,000	483,284	16,716	362,462
TOTAL EXPENDITURES	$ 650,000	$ 650,000	$ 632,096	$ 17,904	$ 2,605,100
EXCESS OF REVENUES OVER EXPENDITURES	$ (100,000)	$ (100,000)	$ (115,372)	$ (15,372)	$ (2,127,677)
OTHER FINANCING SOURCES (USES):					
Leases Made	0	0	0	0	2,300,000
Transfers In/Out	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ (100,000)	$ (100,000)	$ (115,372)	$ (15,372)	$ 172,323
FUND BALANCE - BEGINNING	123,873	123,873	123,873	0	(48,450)
FUND BALANCE - ENDING	$ 23,873	$ 23,873	$ 8,501	$ (15,372)	$ 123,873

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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	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	4,400	4,400	5,101	701	4,597
TOTAL REVENUES	$ 4,400	$ 4,400	$ 5,101	$ 701	$ 4,597
EXPENDITURES:					
General Government	$ 4,000	$ 5,000	$ 3,962	$ 1,038	$ 3,527
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	$ 4,000	$ 5,000	$ 3,962	$ 1,038	$ 3,527
EXCESS OF REVENUES OVER EXPENDITURES	$ 400	$ (600)	$ 1,139	$ 1,739	$ 1,070
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 400	$ (600)	$ 1,139	$ 1,739	$ 1,070
FUND BALANCE - BEGINNING	14,525	14,525	14,525	0	13,455
FUND BALANCE - ENDING	$ 14,925	$ 13,925	$ 15,664	$ 1,739	$ 14,525

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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	0	0	0	0	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 0
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	0	0	0	0	0
Streets and Maintenance	0	0	0	0	0
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	$ 0
OTHER FINANCING SOURCES (USES):					
Transfers In/Out	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ 0	$ 0	0	$ 0
FUND BALANCE - BEGINNING	1,112	1,112	1,112	0	1,112
FUND BALANCE - ENDING	$ 1,112	$ 1,112	$ 1,112	$ 0	$ 1,112

CITY OF CAVE SPRING, GEORGIA
FIRE DEPARTMENT CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

	2016				2015
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 0	$ 0	$ 0	$ 0	$ 22,346
Other Funds	0	0	0	0	0
Other Funds/Taxes	7,500	7,500	7,500	0	0
TOTAL REVENUES	$ 7,500	$ 7,500	$ 7,500	$ 0	$ 22,346
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	0	0	0	0	14,328
Streets and Maintenance	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Lease Payments	0	0	0	0	0
TOTAL EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 14,328
EXCESS OF REVENUES OVER EXPENDITURES	$ 7,500	$ 7,500	$ 7,500	$ 0	$ 8,018
OTHER FINANCING SOURCES (USES):					
Transfers In/Out	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 7,500	$ 7,500	$ 7,500	$ 0	$ 8,018
FUND BALANCE - BEGINNING	8,018	8,018	8,018	0	0
FUND BALANCE - ENDING	$ 15,518	$ 15,518	$ 15,518	$ 0	$ 8,018

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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	0	0	0	0	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 0
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	0	0	0	0	0
Streets and Maintenance	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
FUND BALANCE - BEGINNING	5,391	5,391	5,391	0	5,391
FUND BALANCE - ENDING	$ 5,391	$ 5,391	$ 5,391	$ 0	$ 5,391

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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	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	140	140	89
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 140	$ 140	$ 89
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	$ 140	$ 140	$ 89
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ 0	$ 140	$ 140	$ 89
FUND BALANCE - BEGINNING	49,673	49,673	49,673	0	49,584
FUND BALANCE - ENDING	$ 49,673	$ 49,673	$ 49,813	$ 140	$ 49,673

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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	Budgeted Amounts		Actual GAAP Basis	Variance With Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal/State	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	0	0	0	0	0
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 0
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	0	0	0	0	0
Streets and Maintenance	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
FUND BALANCE - BEGINNING	0	0	0	0	0
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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	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	10,598
Other Funds - Taxes	0	0	0	0	0
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 10,598
EXPENDITURES:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 0
Public Safety	0	0	0	0	0
Streets and Maintenance	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 0
EXCESS OF REVENUES OVER EXPENDITURES	$ 0	$ 0	$ 0	$ 0	$ 10,598
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	$ 10,598
FUND BALANCE - BEGINNING	247	247	247	0	(10,351)
FUND BALANCE - ENDING	$ 247	$ 247	$ 247	$ 0	$ 247

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, 2016 AND 2015

	2016	2015
ASSETS		
Cash	$ 212,422	$ 217,499
Investments - Cash	387,229	427,206
Accounts Receivable - Net	58,103	52,800
Other Receivables	61,810	38,181
Internal Balances	72,345	61,972
TOTAL ASSETS	$ 791,909	$ 797,658
Deferred Outflows of Resources		
Prepaid Expenditures	$ 18,640	$ 18,691
LIABILITIES		
Liabilities:		
Accounts Payable	$ 26,897	$ 48,454
Accrued Expenses	1,317	1,315
Internal Balances	122,925	113,551
Due to Other Governments	1,854	1,576
TOTAL LIABILITIES	$ 152,993	$ 164,896
Deferred Inflow of Resources:		
Deferred Revenue	$ 718	$ 500
FUND EQUITY		
Fund Balance:		
Nonspendable - Deferred Outlays	$ 18,640	$ 18,691
Unassigned	638,198	632,262
TOTAL FUND EQUITY	$ 656,838	$ 650,953
TOTAL LIABILITIES AND FUND EQUITY	$ 810,549	$ 816,349

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, 2016
WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016				2015
	Budgeted Amounts			Variance With Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
REVENUES:					
Taxes	$ 466,800	$ 466,800	$ 453,851	$ (12,949)	$ 438,100
Licenses and Permits	15,000	15,000	15,162	162	15,081
Grants and Receipts from Other Governments	91,800	91,800	91,620	(180)	84,168
Charges for Services	176,550	176,550	192,475	15,925	172,867
Fines and Forfeits	17,000	17,000	6,151	(10,849)	15,969
Interest	1,000	1,000	2,162	1,162	760
Other	8,500	8,500	6,537	(1,963)	1,548
TOTAL REVENUES	$ 776,650	$ 776,650	$ 767,958	$ (8,692)	$ 728,493
EXPENDITURES:					
CURRENT:					
General Government	$ 114,250	$ 136,250	$ 134,572	$ 1,678	$ 102,148
Public Safety	403,600	403,600	374,645	28,955	433,902
Streets and Maintenance	195,900	176,900	162,647	14,253	180,478
Culture and Recreation	63,250	61,250	54,693	6,557	57,148
Capital Outlay	0	0	0	0	0
TOTAL EXPENDITURES	$ 777,000	$ 778,000	$ 726,557	$ 51,443	$ 773,676
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (350)	$ (1,350)	$ 41,401	$ 42,751	$ (45,183)
OTHER FINANCING SOURCES (USES):					
Proceeds from Long-term Lease Obligations	$ 0	$ 0	$ 0	$ 0	$ 0
Repayments from(to) Other Governments	0	0	(42,000)	(42,000)	(50,000)
Sale of Assets	0	0	6,190	6,190	0
Transfers In/(Out)	800	800	294	(506)	88
TOTAL OTHER FINANCING SOURCES (USES)	$ 800	$ 800	$ (35,516)	$ (36,316)	$ (49,912)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 450	$ (550)	$ 5,885	$ 6,435	$ (95,095)
FUND BALANCE, JULY 1	650,953	650,953	650,953	0	746,048
FUND BALANCE, JUNE 30	$ 651,403	$ 650,403	$ 656,838	$ 6,435	$ 650,953

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL TOTALS FOR 2015

	2016				2015
	Budgeted Amounts			Variance With Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Taxes and Franchise Fees:					
Franchise	$ 94,400	$ 94,400	$ 92,577	$ (1,823)	$ 90,382
Insurance	65,000	65,000	69,433	4,433	64,991
Sales Taxes- General	281,200	281,200	266,234	(14,966)	257,111
Beer and Wine	21,200	21,200	21,539	339	21,322
Taxes and Licenses	5,000	5,000	4,068	(932)	4,294
Total Taxes and Franchise Fees	$ 466,800	$ 466,800	$ 453,851	$ (12,949)	$ 438,100
Charges for Services:					
Business Licenses	$ 15,000	$ 15,000	$ 15,162	$ 162	$ 15,081
Garbage Fees	83,700	83,700	96,776	13,076	84,886
Fines and Forteitures	17,000	17,000	6,151	(10,849)	15,969
Fire Fees	84,250	84,250	82,767	(1,483)	82,646
Cemetery	2,000	2,000	7,740	5,740	1,560
Community Center	6,000	6,000	5,180	(820)	3,775
Rental	600	600	12	(588)	0
Total Charges for Services	$ 208,550	$ 208,550	$ 213,788	$ 5,238	$ 203,917
Other Revenue:					
County Government	$ 91,800	$ 91,800	$ 91,620	$ (180)	$ 84,168
Investment Income	1,000	1,000	2,162	1,162	760
Other Income	8,500	8,500	12,727	4,227	1,548
Total Other Revenue	$ 101,300	$ 101,300	$ 106,509	$ 5,209	$ 86,476
Total Revenues	$ 776,650	$ 776,650	$ 774,148	$ (2,502)	$ 728,493

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016				2015
	Budgeted Amounts		Actual	Variance With Final Budget Positive	Actual GAAP
	Original	Final	Amounts	(Negative)	Basis
General Government and Administration					
Salaries and Taxes	$ 35,050	$ 36,950	$ 36,425	$ 525	$ 33,912
Pension	4,600	4,600	4,529	71	4,629
Insurance	18,500	15,300	14,902	398	13,112
Professional Fees	6,250	27,550	27,262	288	5,620
Utilities and Telephone	29,400	29,400	31,593	(2,193)	27,772
Supplies	13,450	15,450	13,346	2,104	10,319
Training and Travel	7,000	7,000	6,515	485	2,984
Capital	0	0	0	0	3,800
Total General Government	$ 114,250	$ 136,250	$ 134,572	$ 1,678	$ 102,148
Public Safety:					
Police Department:					
Salaries and Taxes	$ 147,500	$ 149,000	$ 147,642	$ 1,358	$ 142,904
Pension	3,350	3,350	3,348	2	9,001
Insurance	29,600	30,300	28,239	2,061	25,299
Supplies and Court Fees	20,850	19,750	10,440	9,310	17,850
Capital	2,000	2,000	1,800	200	470
Training and Travel	1,300	2,200	1,108	1,092	1,028
Auto	16,000	14,000	13,670	330	14,113
Total	$ 220,600	$ 220,600	$ 206,247	$ 14,353	$ 210,665
Fire Department:					
Salaries and Taxes	$ 122,500	$ 119,500	$ 118,302	$ 1,198	$ 101,184
Pension	0	0	0	0	0
Insurance	15,700	16,300	12,172	4,128	11,314
Supplies	7,550	5,250	3,890	1,360	5,246
Training and Travel	600	600	42	558	22
Capital	0	4,800	4,453	347	70,346
Auto	14,500	14,100	8,178	5,922	14,332
Utilities and Telephone	22,150	22,450	21,361	1,089	20,793
Total	$ 183,000	$ 183,000	$ 168,398	$ 14,602	$ 223,237
Total Public Safety	$ 403,600	$ 403,600	$ 374,645	$ 28,955	$ 433,902

CITY OF CAVE SPRING, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

(Continued)

	2016				2015
	Budgeted Amounts		Actual	Variance With Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	GAAP Basis
Streets and Maintenance:					
Salaries and Taxes	$ 69,000	$ 49,500	$ 44,510	$ 4,990	$ 68,461
Pension	2,200	2,200	2,166	34	2,272
Insurance	18,500	16,350	14,672	1,678	16,350
Auto	4,300	6,100	5,999	101	20,705
Supplies and Paving	22,400	23,250	17,121	6,129	24,623
Training and Travel	200	200	0	200	0
Waste Tipping Fees	69,000	75,000	73,914	1,086	36,809
Capital	10,300	4,300	4,265	35	11,258
Total	$ 195,900	$ 176,900	$ 162,647	$ 14,253	$ 180,478
Culture, Library and Recreation:					
Library:					
Contribution	$ 20,100	$ 20,100	$ 20,004	$ 96	$ 20,004
Utilities and Telephone	10,300	8,800	8,092	708	9,665
Insurance	1,400	1,400	1,275	125	1,330
Supplies	2,100	1,600	1,194	406	1,498
DDA	16,900	16,900	14,317	2,583	13,777
Community Center	12,450	12,450	9,811	2,639	10,874
Total	$ 63,250	$ 61,250	$ 54,693	$ 6,557	$ 57,148
Total	$ 777,000	$ 778,000	$ 726,557	$ 51,443	$ 773,676

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, 2016 AND 2015

ASSETS	2016	RESTATED 2015
CURRENT ASSETS:		
Cash and Cash Investments	$ 326,934	$ 297,799
Current Portion of Long-term Receivable	4,666	4,528
Accounts Receivable	212,083	199,356
Allowance for Doubtful Accounts	(29,568)	(30,085)
Due from Other Funds	114,359	104,845
TOTAL CURRENT ASSETS	$ 628,474	$ 576,443
RESTRICTED ASSETS - CURRENT:		
Sinking and Reserve Funds - Cash	$ 208,944	$ 206,357
Construction Fund - Cash	24,607	30,052
Customer Deposits - Cash	57,717	56,074
TOTAL RESTRICTED ASSETS - CURRENT	$ 291,268	$ 292,483
PROPERTY, PLANT AND EQUIPMENT:		
Land/Right of Ways	$ 18,000	$ 18,000
Plant Under Construction	$ 0	$ 0
Improvements Other than Buildings	12,709,551	12,709,551
Machinery and Equipment	427,344	377,792
Total at Cost	$ 13,136,895	$ 13,087,343
Less Accumulated Depreciation	3,230,933	2,937,441
NET PROPERTY, PLANT AND EQUIPMENT	$ 9,905,962	$ 10,149,902
OTHER ASSETS:		
Long-term Receivable Less Due Currenty	$ 85,400	$ 90,066
TOTAL ASSETS	$ 10,929,104	$ 11,126,894
DEFERRED OUTFLOW OF RESOURCES:		
Prepaid Expenses	6,659	8,578
Components of Pension Plan	20,507	291
Total	$ 27,166	$ 8,869
LIABILITIES		
Current Liabilities:		
Notes Payable	$ 248,821	$ 240,741
Accounts Payable	20,671	82,432
Lease Payable	13,153	11,516
Accrued Expenses	26,651	23,669
Due to Other Funds	0	0
Total Current Liabilities Payable from Unrestricted Assets	$ 309,296	$ 358,358
Current Liabilities Payable from Restricted Assets:		
Accounts Payable - Construction	$ 0	$ 0
Accrued Revenue Bond Interest	4,583	5,375
Current Maturities of Revenue Bonds	100,000	95,000
Customer Deposits	57,717	56,074
Total Current Liabilities Payable from Restricted Assets	$ 162,300	$ 156,449
Total Current Liabilities	$ 471,596	$ 514,807
Long-term Liabilities:		
Revenue Bonds Payable - Net of Current Maturities	$ 444,205	$ 542,273
Note Payable - Net of Current Maturities	3,649,148	3,898,598
Lease Payable - Net of Current Maturities	33,578	1,761
Net Pension Liability	33,499	12,110
Total Long-term Liabilities	$ 4,160,430	$ 4,454,742
TOTAL LIABILITIES	$ 4,632,026	$ 4,969,549
NET POSITION		
Invested in Capital Assets - Net of Related Debt	$ 5,435,057	$ 5,408,065
Restricted for:		
Bond Debt Service	204,361	200,962
Construction	0	0
Deposits Payable	0	0
Unreserved	684,826	557,187
TOTAL NET POSITION	$ 6,324,244	$ 6,166,214

CITY OF CAVE SPRING, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	RESTATED 2015
OPERATING REVENUES:		
Charges and Fees	$ 1,209,018	$ 1,158,681
Other Revenue	997	852
TOTAL OPERATING REVENUES	$ 1,210,015	$ 1,159,533
OPERATING EXPENSES:		
Personnel Services	$ 279,509	$ 280,032
Purchase of Services	95,225	25,649
Materials and Supplies	142,897	143,788
Depreciation and Amortization	295,425	291,446
Utilities	93,836	83,607
TOTAL OPERATING EXPENSES	$ 906,892	$ 824,522
OPERATING INCOME (LOSS)	$ 303,123	$ 335,011
NONOPERATING REVENUES (EXPENSES):		
Interest Income	$ 4,880	$ 4,096
Debt Service - Interest Expense	(151,335)	(162,683)
Disposal of Assets - Net	1,656	0
Grants:		
Federal	0	0
State	0	0
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (144,799)	$ (158,587)
INCOME (LOSS) BEFORE TRANSFERS	$ 158,324	$ 176,424
TRANSFERS IN/(OUT)	(294)	(88)
CHANGE IN NET POSITION	$ 158,030	$ 176,336
NET POSITION - JULY 1	$ 6,178,033	$ 6,137,017
PRIOR YEAR ADJUSTMENT - NOTE 14	(11,819)	(147,139)
RESTATED NET POSITION - JULY 1	$ 6,166,214	$ 5,989,878
NET POSITION - JUNE 30	$ 6,324,244	$ 6,166,214

CITY OF CAVE SPRING, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	RESTATED 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,198,412	$ 1,154,243
Cash payments for		
goods and services	(391,800)	(199,107)
Cash payments to employees for services	(276,477)	(278,220)
Cash payments (to) from other funds	(9,514)	(14,510)
NET CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES	$ 520,621	$ 662,406
CASH FLOWS FROM NON-CAPITAL		
FINANCING ACTIVITIES:		
Transfers - in(out)	$ (294)	$ (88)
Grants and Contributions	0	0
NET CASH PROVIDED (USED) BY		
NON-CAPITAL FINANCING ACTIVITIES	$ (294)	$ (88)
CASH FLOWS FROM CAPITAL AND		
RELATED FINANCING ACTIVITIES:		
Aquisition and construction of capital assets	$ (49,552)	$ (107,150)
(Decrease)/Increase in Construction Debt	0	0
Grants and Contributions Received	0	0
Loan Cost	0	0
Proceeds from Sale of Equipment	1,656	0
Note Proceeds	47,752	0
Transfers - in (Out)	0	0
Reduction of Bond Debt Principal - Net	(95,000)	(90,000)
Reduction of Note Payable Principal	(241,370)	(234,186)
Reduction of Lease Contracts - Principal	(14,298)	(12,552)
Interest Paid on Bonds and Notes	(152,176)	(163,433)
Increase in Pension Plan Liability -Net	1,173	(2,512)
NET CASH PROVIDED (USED) BY CAPITAL		
AND RELATED FINANCING FINANCES	$ (501,815)	$ (609,833)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term Receivable - Net	$ 4,528	$ 4,395
Interest on Cash and Cash Investments	4,880	4,096
NET CASH FLOWS FROM INVESTING ACTIVITIES	$ 9,408	$ 8,491
INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	$ 27,920	$ 63,488
CASH AND CASH EQUIVALENTS - JULY 1	590,282	526,794
CASH AND CASH EQUIVALENTS - JUNE 30	$ 618,202	$ 590,282

CITY OF CAVE SPRING, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	RESTATED 2015
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations	$ 303,123	$ 335,011
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	293,493	289,515
Amortization	1,932	1,931
Allowance for doubtful accounts	(517)	2,508
Change in assests and liabilities:		
(Increase) in Accounts Receivable	(12,727)	(10,467)
Increase (Decrease) in Accounts Payable and Accruals	(58,731)	59,650
(Increase) Decrease in Prepaid Expense	1,919	(1,389)
(Increase) Decrease in Payment (to) from other funds	(9,514)	(14,510)
Increase (Decrease) in Deposits	1,643	2,669
Net Cash Provided (Used) by Operating Activities	$ 520,621	$ 664,918
Reconciliation of Total Cash and Cash Equivalents:		
Current Assets - Cash and Cash Equivalents	$ 326,934	$ 297,799
Restricted Assets - Cash and Cash Equivalents	291,268	292,483
Total Cash and Cash Investments	$ 618,202	$ 590,282
NON CASH TRANSACTION		
Purchase of Equipment:		
Cost	$ 49,552	$ 0
Loan Proceeds	47,752	0
Net Cash Payment	$ 1,800	$ 0

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and Cash Investments	$ 100	$ 5
Due from Other Governments	1,724	820
Accounts Receivable	8,896	6,636
Due from Other Funds	0	0
Prepaid Expenses	686	1,063
TOTAL CURRENT ASSETS	$ 11,406	$ 8,524
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	239,516	226,166
NET PROPERTY, PLANT AND EQUIPMENT	$ 330,637	$ 343,987
TOTAL ASSETS	$ 342,043	$ 352,511
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 2,018	$ 1,801
Accrued Expenses	1,675	1,113
Due to Other Funds	72,345	61,972
Total Current Liabilities	$ 76,038	$ 64,886
TOTAL LIABILITIES	$ 76,038	$ 64,886
NET POSITION		
Invested in Capital Assets - Net of Related Debt	$ 330,637	$ 343,987
Restricted	0	0
Unrestricted	(64,632)	(56,362)
TOTAL NET POSITION	$ 266,005	$ 287,625

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Charges and Fees	$ 82,148	$ 82,207
Other Revenue	120	354
TOTAL OPERATING REVENUES	$ 82,268	$ 82,561
OPERATING EXPENSES:		
Personnel Services	$ 97,856	$ 103,619
Purchase of Services	3,105	2,230
Materials and Supplies	17,575	14,923
Depreciation	13,350	13,350
Utilities	12,571	12,184
TOTAL OPERATING EXPENSES	$ 144,457	$ 146,306
OPERATING INCOME (LOSS)	$ (62,189)	$ (63,745)
NONOPERATING REVENUES (EXPENSES):		
Interest Income	$ 0	$ 0
Contributions	20,840	24,180
Grants:		
Federal	17,265	16,215
State	2,464	4,394
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 40,569	$ 44,789
INCOME (LOSS) BEFORE TRANSFERS	$ (21,620)	$ (18,956)
TRANSFERS IN/(OUT)	0	0
CHANGE IN NET POSITION	$ (21,620)	$ (18,956)
NET POSITION - JULY 1	287,625	306,581
NET POSITION - JUNE 30	$ 266,005	$ 287,625

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 80,008	$ 82,347
Cash payments to supplies for goods and services	(32,657)	(29,411)
Cash payments to employees for services	(97,294)	(103,321)
Cash payments (to) from other funds	10,373	5,451
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (39,570)	$ (44,934)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers - in	$ 0	$ 0
Grants and Contributions	39,665	44,939
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	$ 39,665	$ 44,939
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	$ 0
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Cash and Cash Equivalents	$ 0	$ 0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 95	$ 5
CASH AND CASH EQUIVALENTS - JULY 1	5	0
CASH AND CASH EQUIVALENTS - JUNE 30	100	5

CITY OF CAVE SPRING, GEORGIA
CHILD CARE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations	$ (62,189)	$ (63,745)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	13,350	13,348
Change in assests and liabilities:		
(Increase) Decrease in Accounts Receivable - Customers	(2,260)	(214)
Increase (Decrease) in Accounts Payable and Accrued Expenses	779	453
(Increase) Decrease in Prepaid Expense	377	(227)
(Increase) Decrease in Payment (to) from other funds	10,373	5,451
Net Cash Provided (Used) by Operating Activities	$ (39,570)	$ (44,934)
Reconciliation of Total Cash and Cash Equivalents:		
Current Assets - Cash and Cash Equivalents	$ 100	$ 5
Restricted Assets - Cash and Cash Equivalents	0	0
Total Cash and Cash Equivalents	$ 100	$ 5

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, 2016

	General
Assets	
Cash and Cash Investments	$ 19,678
Total Assets	$ 19,678
Liabilities and Fund Balance	
Liabilities	$ 0
Total Liabilities	$ 0
Fund Balances:	
Unassigned	$ 19,678
Total Fund Balances	$ 19,678
Total Liabilities and Fund Balances	$ 19,678

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, 2016

Total DDA Fund Balance	$	19,678
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		53,491
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental fund Balance Sheet		0
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	73,169

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, 2016

	General
Revenues:	
Miscellaneous and Fund Raising	$ 61,962
Total Revenue	$ 61,962
Expenditures:	
Current:	
Culture and Recreation	$ 53,674
Non-Current:	
Capital Outlay	0
Total Expenditures	$ 53,674
Net Change in Fund Balance	$ 8,288
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)	$ 8,288
Fund Balance at Beginning of Year	11,390
Fund Balance at End of Year	$ 19,678

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, 2016

Net Change in Fund Balances - General Fund	$	8,288
Amounts Reported for Governmental Activities in Statement of Activities - Differences:		
Reduction of Long Term Debt	$	11,200
Depreciation		(1,783)
Total	$	9,417
Change in Net Position of Governmental Activities	$	17,705

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, 2016

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Other	$ 60,000	$ 60,000	$ 61,962	$ 1,962
TOTAL REVENUES	$ 60,000	$ 60,000	$ 61,962	$ 1,962
EXPENDITURES:				
CURRENT:				
Culture and Recreation	$ 60,000	$ 60,000	$ 53,674	$ 6,326
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	$ 60,000	$ 60,000	$ 53,674	$ 6,326
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 0	$ 0	$ 8,288	$ 8,288
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	$ 8,288	$ 8,288
FUND BALANCE, JULY 1	11,390	11,390	11,390	0
FUND BALANCE, JUNE 30	$ 11,390	$ 11,390	$ 19,678	$ 8,288

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, 2016, 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 December 12, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Finney & Associates CPAs, P.C.

Rome, Georgia
December 12, 2016

CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS -SEE NOTE A
FOR THE YEAR ENDED JUNE 30, 2016

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	C15-115-04019	$ 2,768
Adult and Child Care Food Program	10.558	C16-115-04019	14,484
TOTAL DEPARTMENT OF AGRICULTURE			$ 17,252
TOTAL FEDERAL ASSISTANCE			$ 17,252

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 06-30-15	REVENUES	EXPENDI-TURES	CASH AT 06-30-16
$ 0	$ 2,768	$ 2,768	$ 0
0	14,484	14,484	0
$ 0	$ 17,252	$ 17,252	$ 0
$ 0	$ 17,252	$ 17,252	$ 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, 2016

PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT
Georgia Department of Transportation:			
LMIG	N/A	N/A	$ 13,549
TOTAL STATE ASSISTANCE			$ 13,549

The accompanying notes are an integral part of this statement.

CASH AT 07-01-15	REVENUES	EXPENDI-TURES	CASH AT 06-30-16
$ 0	$ 13,549	$ 0	$ 13,549
$ 0	$ 13,549	$ 0	$ 13,549

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.

The accompanying notes are an integral part of this statement.

FINNEY & ASSOCIATES CPA'S, P.C.
Certified Public Accountants

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

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

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

To the Mayor and Council
City of Cave Spring, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Cave Spring, Georgia, for the year ended June 30, 2016. 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, 2016, in conformity with accounting principles generally accepted in the United States of America.

Finney & Associates CPAs, P.C.

Rome, Georgia
December 12, 2016

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CITY OF CAVE SPRING, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
JUNE 30, 2016

Contracts - 2013 04-01-14 To 04-30-19	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percent of Completion
General Fund:						
Renovation to Buildings	$ 2,591,000	$ 2,591,000	$ 2,325,748	$ 148,812	$ 2,474,560	95.51%

The accompanying notes are an integral part of this statement.