CITY OF CHATSWORTH, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

INTRODUCTION SECTION

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City of Chatsworth, Georgia

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December 31, 2014

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City of Chatsworth, Georgia

Council Members and Management

As of December 31, 2014

Mayor	Dan Penland
Mayor Pro-Tem/Public Safety	Fred Welch
Council Member/Infrastructure	Gary Brock
Council Member/Intergovernmental Relations & Technology	Celeste Martin
Council Member/Finance Officer	Wayne Graves
City Clerk	Wilma Nolan
Municipal Court Judge	Ron Wilson
City Attorney	Steve Williams

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FINANCIAL SECTION

BRC

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Certified Public Accountants
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of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Mayor and Council Members
City of Chatsworth, Georgia
Chatsworth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of the City of Chatsworth, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the Table of Contents and the Schedule of Funding Progress for Retirement Plans on page 55 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.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chatsworth, Georgia's basic financial statements. The Introductory Section, Other Supplemental Information, and Statistical Information are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The Other Supplemental Information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2015, on our consideration of the City of Chatsworth, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Chatsworth, Georgia's internal control over financial reporting and compliance.

B. Rodney Crowe, CPA, PC

B. Rodney Crowe, CPA, P.C.
June 29, 2015

The City of Chatsworth's ("the City") management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2014. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by $33,549,086 (net position) for the calendar year reported. Of this amount $9,132,928 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- For the calendar year reported, the City's activities are comprised of the following:
  - Governmental activities operated at a deficit of $819,440; and
  - Business-type activities operated at a surplus of $794,241.

- The City's governmental funds reported total ending fund balance of $4,958,366.

- At the end of the current calendar year, unassigned fund balance for the general fund was $4,577,003, or 108.09% of total general fund expenditures.

- The business-type activities, the City of Chatsworth, Georgia's enterprise funds, reported total ending net position of $25,168,462. Of this balance $4,735,688, or 18.82% is unrestricted. The remaining $20,432,774, or 81.18% of net position is invested in capital assets and restricted to capital projects and debt service.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction of the City of Chatsworth, Georgia's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The City's government-wide financial statements include the statement of net position and the statement of activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide statement of net position presents information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The City reports assets when it acquires ownership and reports liabilities when incurred. Over time, increases or decreases of net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The statement of activities reports the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred. All current year revenues and expenses are included regardless of when cash is received or paid. The difference is described as the change in net position. The important purposes of the design of the statement of activities are to (1) show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers, and (2) present the result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The City of Chatsworth divides the statement of net position and the statement of activities into two types of activities:

- **Governmental activities** – The activities reported in this category are the City's basic services such as general administration, fire, police, public works, recreation, and municipal court. These activities are principally supported by taxes and intergovernmental transfers.
- **Business-Type activities** – The activities reported that the City charges fees to customers to recover all or a significant portion of costs for the services provided by Water Works Commission, a component unit of the City of Chatsworth, Georgia, included in the Water and Sewer fund.

The government-wide financial statements can be found on pages 14, 15, and 16 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to track specific resources and expenditures, either for management purposes or because of legal mandates. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The City of Chatsworth, Georgia adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 through 25 of this report.

Proprietary Funds

The City of Chatsworth, Georgia maintains one type of proprietary fund: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Chatsworth, Georgia uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the City of Chatsworth, Georgia.

The basic proprietary fund financial statements can be found on pages 26 through 29 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 54 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatsworth, Georgia, assets exceeded liabilities by $33,549,086 at the close of this fiscal year.

The largest portion of the City of Chatsworth, Georgia's net position, $23,391,715, or 69.72% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City of Chatsworth, Georgia uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Chatsworth, Georgia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position totaling, $1,024,443, or 3.05% represents resources that are subject to external restrictions on how they may be used:

- The largest portion of the restricted net position, $728,958, or 2.17% is restricted for capital projects;
- Another portion, $246,553, or 0.73% is restricted for debt services; and
- The final portion, $48,932, or 0.15% is restricted public safety.

The remaining balance of unrestricted net position of $9,132,928, or 27.22% may be used to meet the government's ongoing obligations to its citizens and creditors.

On December 31, 2014, the City of Chatsworth, Georgia is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The table below provides a summary of the City's net position broken down by governmental and business type activities.

City of Chatsworth, Georgia
Net Position

	2014		2013		2014	2013
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities	Total	Total
Current and other assets	$ 5,122,604	$ 6,306,208	$ 5,775,878	$ 5,470,978	$ 11,428,812	$ 11,246,856
Capital assets, net	3,635,136	27,282,472	3,850,665	27,485,774	30,917,608	31,336,439
Total assets	8,757,740	33,588,680	9,626,543	32,956,752	42,346,420	42,583,295
Current liabilities	211,855	1,395,765	167,626	1,319,550	1,607,620	1,487,176
Long-term liabilities	165,261	7,024,453	258,852	7,262,981	7,189,714	7,521,833
Total liabilities	377,116	8,420,218	426,478	8,582,531	8,797,334	9,009,009
Net position:						
Net investment in capital assets	3,451,136	19,940,579	3,574,665	19,936,305	23,391,715	23,510,970
Restricted	532,248	492,195	497,069	1,076,124	1,024,443	1,573,193
Unrestricted	4,397,240	4,735,688	5,128,331	3,361,792	9,132,928	8,490,123
Total net position	$ 8,380,624	$ 25,168,462	$ 9,200,065	$ 24,374,221	$ 33,549,086	$ 33,574,286

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Changes in Net Position

As of the close of the current fiscal year, the City of Chatsworth, Georgia's governmental net position decreased by $25,199. Governmental activities decreased the City's net position by $819,440, and the business-type activities increased the City's net position by $794,241.

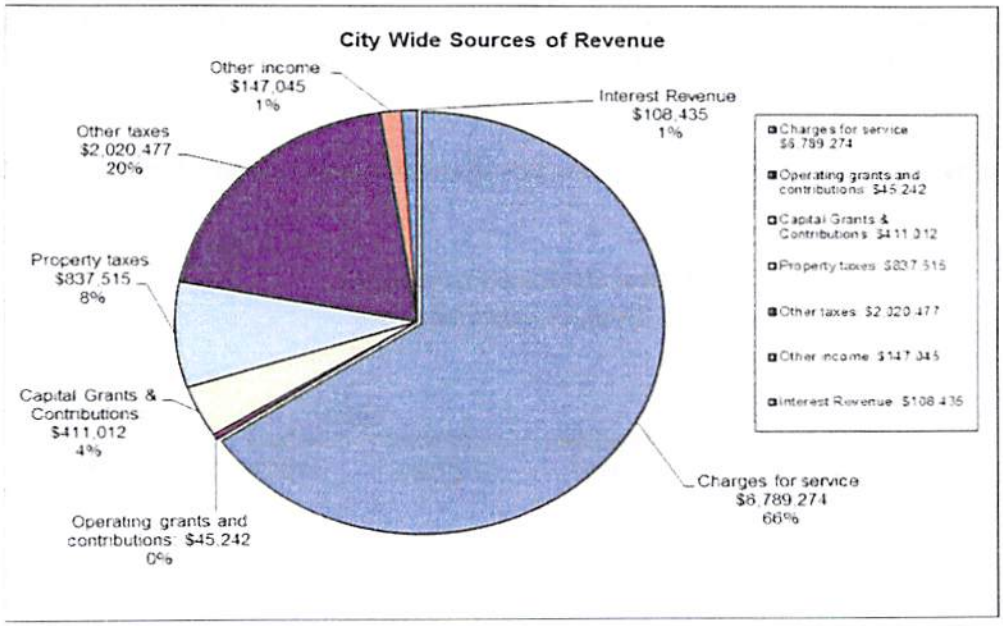
The table below provides a summary of the City's net position broken down by governmental and business-type activities.

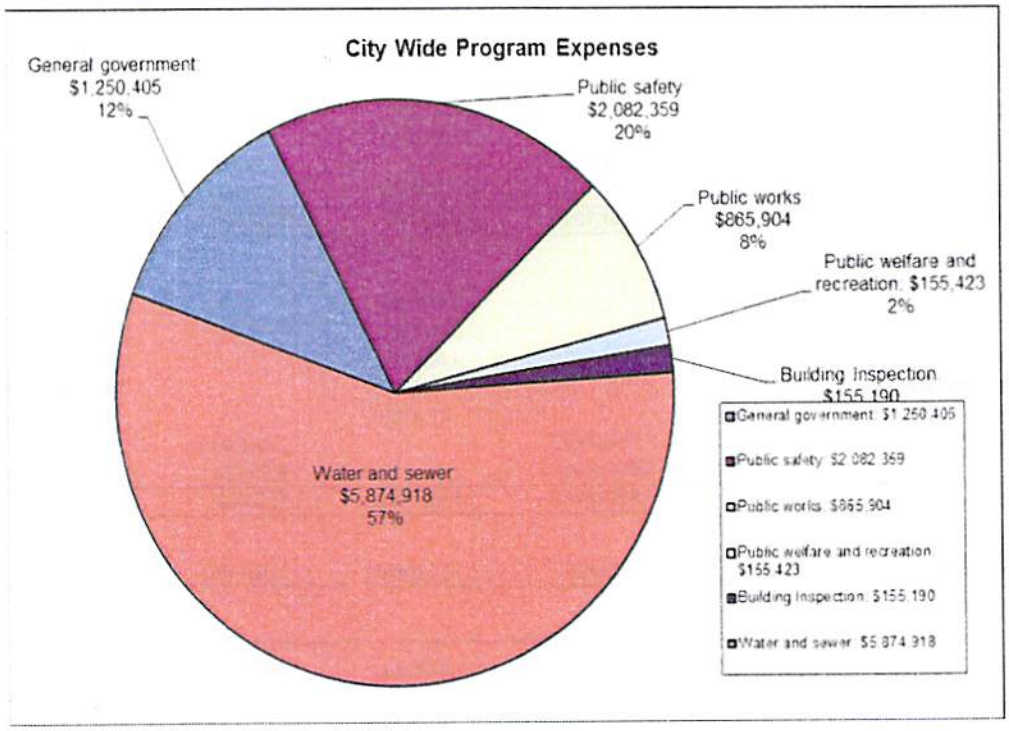
City of Chatsworth, Georgia
Changes in Net Position

	2014		2013		2014	2013
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities	Total	Total
REVENUE						
Program revenues:						
Charges for services	$ 306,328	$ 6,482,946	$ 276,039	$ 5,855,742	$ 6,789,274	$ 6,131,781
Operating grants and contributions	45,242	-	93,722	-	45,242	93,722
Capital grants and contributions	411,012	-	392,033	-	411,012	392,033
General revenues:						
Property taxes	837,515	-	823,986	-	837,515	823,986
Other taxes	2,020,477	-	1,905,154	-	2,020,477	1,905,154
Other Revenue	-	147,045	-	2,180	147,045	2,180
Interest Revenue	69,267	39,168	64,613	32,962	108,435	97,575
Total revenues	3,689,841	6,669,159	3,555,547	5,890,884	10,359,000	9,446,431
EXPENSES						
General government	1,250,405	-	507,883	-	1,250,405	507,883
Public safety	2,082,359	-	2,011,380	-	2,082,359	2,011,380
Public works	865,904	-	928,861	-	865,904	928,861
Public welfare and recreation	155,423	-	168,571	-	155,423	168,571
Building inspection	155,190	-	71,450	-	155,190	71,450
Interest on long-term debt	-	164,667	-	171,610	164,667	171,610
Water & sewer	-	5,710,251	-	5,556,823	5,710,251	5,556,823
Total expenses	4,509,281	5,874,918	3,688,145	5,728,433	10,384,199	9,416,578
Increase (decrease) in net position before transfers	(819,440)	794,241	(132,598)	162,451	(25,199)	29,853
Transfers	-	-	-	-	-	-
Change in net position	(819,440)	794,241	(132,598)	162,451	(25,199)	29,853
Net position - beginning	9,200,065	24,374,221	9,332,663	24,211,770	33,574,286	33,544,433
Net position - ending	$ 8,380,625	$ 25,168,462	$ 9,200,065	$ 24,374,221	$ 33,549,087	$ 33,574,286

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

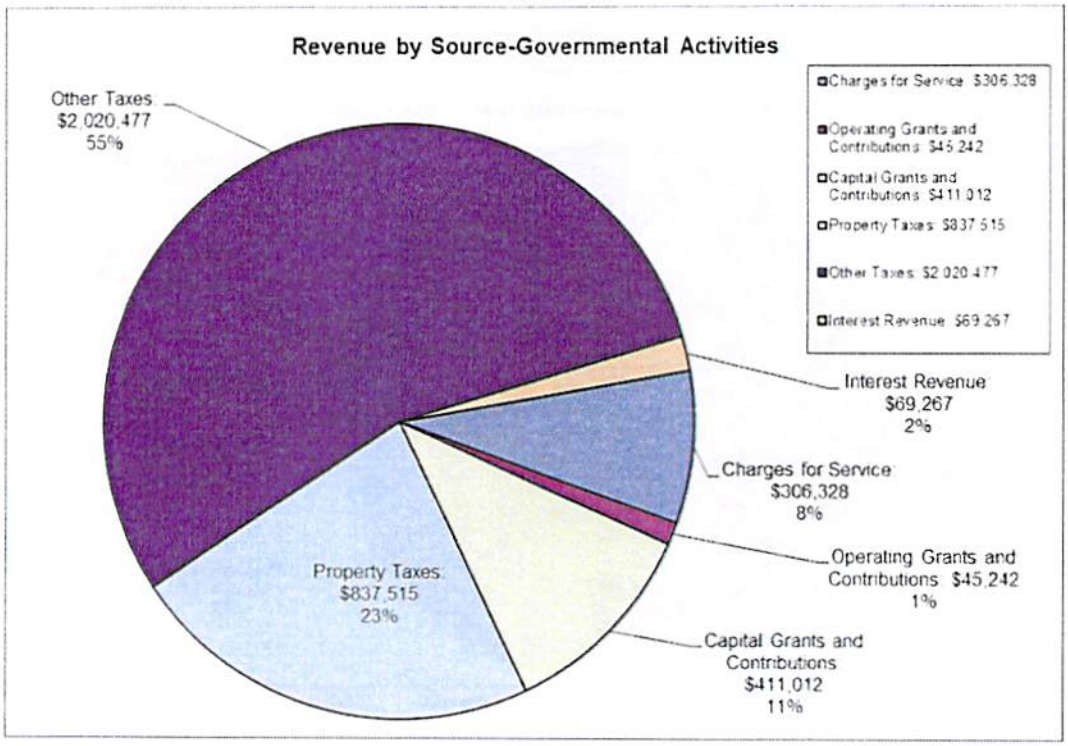
The graphs below summarize the $10,359,000 of the City-Wide Revenue by source, and the associated $10,384,199 of expenses by program. The graph combines data from both governmental and business-type activities.



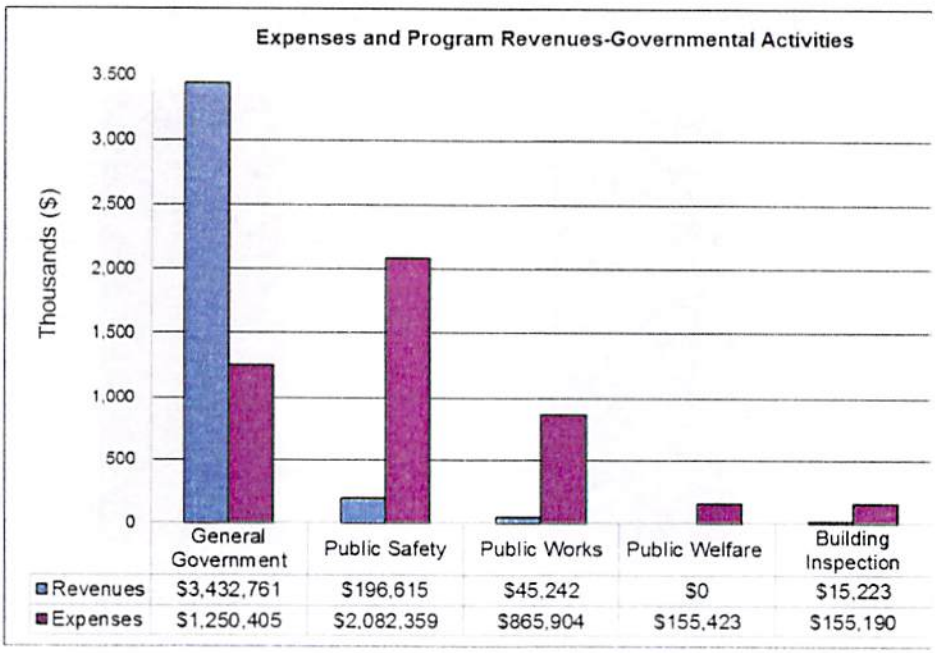


FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental activities accounted for revenues of $3,689,841. The following graph summarizes the revenue by source.



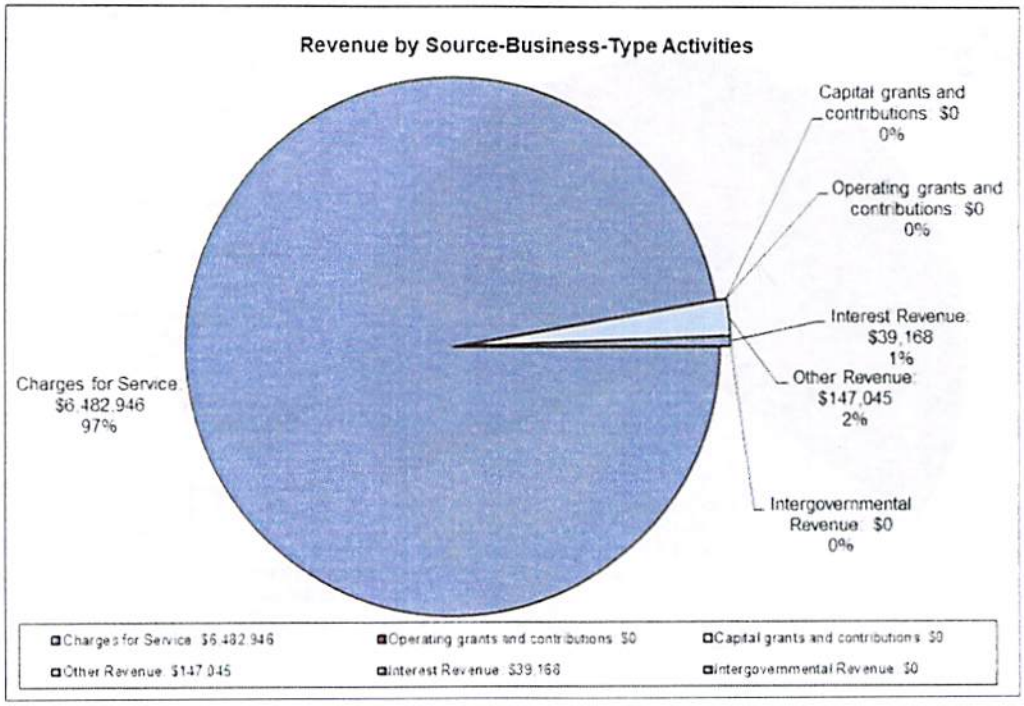
The following graph summarizes the revenue and related expense for each governmental program of the City. The difference between expense and revenue is the financial burden placed on the City's taxpayers for each program.



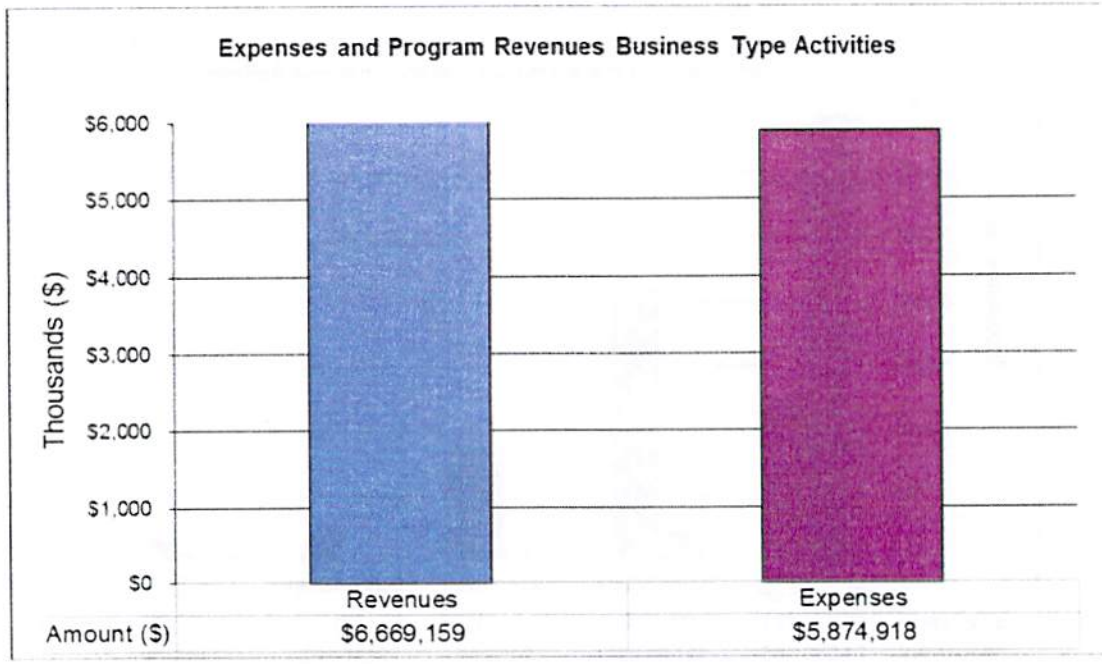
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Business-type activities

Business-type activities accounted for revenues of $6,669,159. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense of operating the Sewer and Water fund.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Chatsworth, Georgia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Chatsworth, Georgia's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Chatsworth, Georgia's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the City of Chatsworth, Georgia's governmental funds reported combined ending fund balances of $4,958,366. 92.31% of this total amount or $4,577,003 constitutes unassigned fund balance.

The general fund is the chief operating fund of the City of Chatsworth, Georgia. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,577,003. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 108.09% of total fund expenditures.

Proprietary Funds

The City of Chatsworth, Georgia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to $4,735,688.

In September 2012, Water Works Commission, a component unit of the City of Chatsworth, Georgia, issued a new revenue bond bearing interest at rates ranging from 2.00 – 3.00%. The Commission used the proceeds to prepay its outstanding debt with average interest rates of 4.25% and to acquire, construct, and equip extensions, additions, and improvements to its utility system.

General Fund Budgetary Highlights

Local option sales tax was under budget $67,472 because the local economy did not rebound as much as expected in 2014. Interest income was $69,267 higher than the budget because of the switch from investing in certificate of deposit to bonds paying 3-4%. General government contribution expense was over budget by $746,790 because of an unexpected need for funding to help the local hospital with indigent care.

A new 2012 SPLOST fund, with collection beginning in year 2013, is approved to finance purchase of new equipment, improving streets and drainage, and economic development projects . Collections in 2014 amounted to $411,012 and expenditures amounted to $315,220.

City of Chatsworth, Georgia's Outstanding Debt

At the end of the current fiscal year, the City of Chatsworth, Georgia had $184,000 debt outstanding in the governmental fund and $7,183,943 outstanding in the proprietary fund. See Note 8 for detail of debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

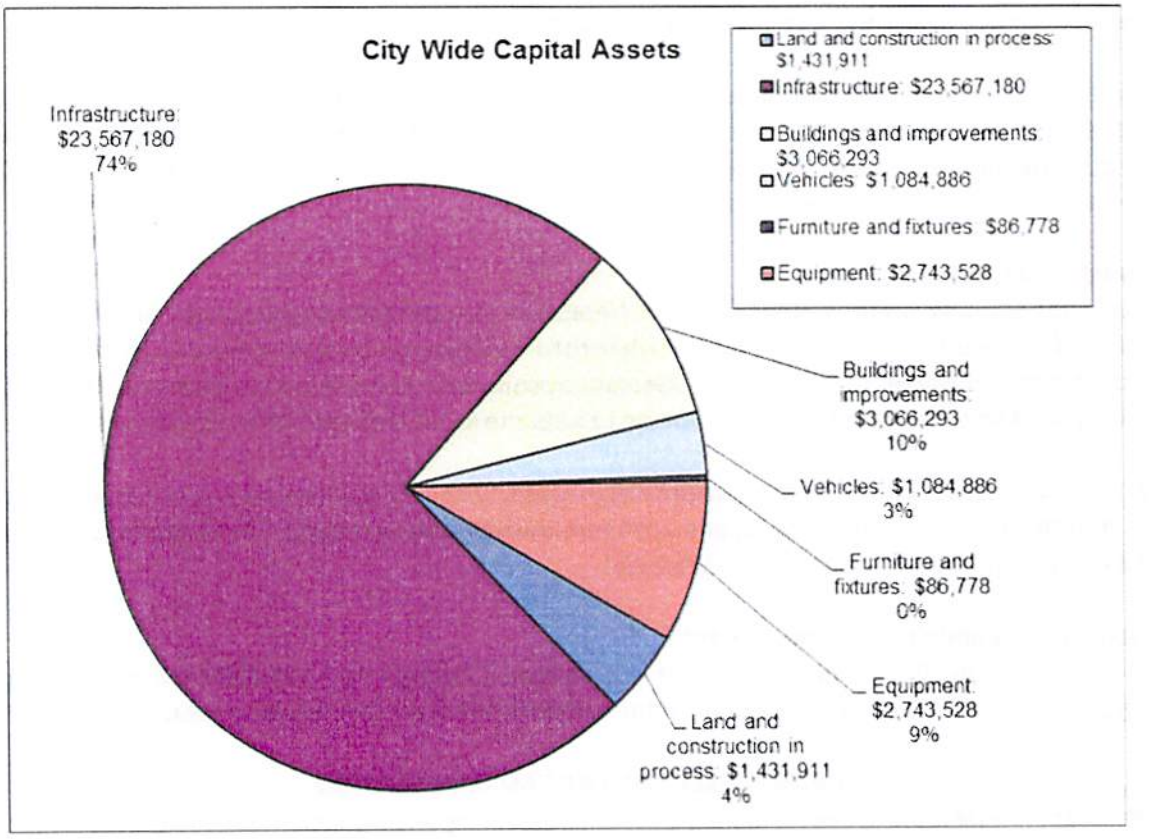
Investment in capital assets, net of accumulated depreciation, for both governmental and business-type activities, *Primary Government*, decreased $418,831. Beginning balance was $31,336,439, plus current year additions of $1,455,853, less current year depreciation of $1,841,520, less net dispositions / reclassifications of $33,164 resulted in an ending balance of $30,917,608.

The table below summarizes the City's investment in capital assets and is broken down by government and business type activities. Additional information on the City's capital assets can be found in Note 12 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION
(Continued)

City of Chatsworth, Georgia's Capital Assets
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land and construction in process	$ 595,407	$ 836,504	$ 1,431,911
Infrastructure	845,429	21,658,783	22,504,212
Buildings and improvements	899,782	2,166,511	3,066,293
Vehicles	750,875	334,011	1,084,886
Furniture and fixtures	13,496	73,282	86,778
Equipment	530,147	2,213,381	2,743,528
Total capital assets	**$ 3,635,136**	**$ 27,282,472**	**$ 30,917,608**



Requests for Information

This financial report is designed to provide a general overview of the City of Chatsworth, Georgia's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Chatsworth, Georgia.

BASIC FINANCIAL STATEMENTS

CITY OF CHATSWORTH, GEORGIA
Statement of Net Position
December 31, 2014

	Primary Government		
	Governmental Activities	Business-Type	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 2,140,993	$2,498,746	$ 4,639,739
Investments	1,479,051	2,527,925	$ 4,006,976
Receivables, net of allowance for uncollectibles:			
Property taxes	94,052	-	94,052
Accounts	-	714,923	714,923
Other	755,580	41,282	796,862
Inventory	-	119,900	119,900
Prepaid expenses	54,212	27,581	81,793
Interfund balances	-	-	-
Due from other governments	92,518	-	92,518
Restricted assets:			
Cash and cash equivalents	285,815	533,801	819,616
Capital projects	62,433	-	62,433
Total current assets	4,964,654	6,464,158	11,428,812
NON-CURRENT ASSETS			
Interfund balances	157,950	(157,950)	-
Land and other non-depreciable assets	595,407	649,734	1,245,141
Other capital assets, net of accumulated depreci	3,039,729	26,632,738	29,672,467
Total non-current assets	3,793,086	27,124,522	30,917,608
Total assets	8,757,740	33,588,680	42,346,420

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

CITY OF CHATSWORTH, GEORGIA
Statement of Net Position
December 31, 2014

	Primary Government		
	Governmental Activities	Business-Type	Total
LIABILITIES AND NET POSITION			
CURENT LIABILITIES			
Accounts payable	$ 37,675	$ 229,467	$ 267,142
Accrued expenses and other liabilities	91,833	22,851	114,684
Customer deposits payable	-	779,069	779,069
Unearned revenue	-	83,119	83,119
Interfund balances	(9,653)	9,653	-
Revenue bonds payable - current	-	230,000	230,000
Accrued interest payable	-	41,606	41,606
Capital lease	92,000	-	92,000
Total current liabilities	211,855	1,395,765	1,607,620
Long-term Liabilities			
Compensated absences	73,261	70,510	143,771
Capital lease	92,000	-	92,000
Revenue bonds payable	-	6,953,943	6,953,943
Total long-term liabilities	165,261	7,024,453	7,189,714
Total liabilities	377,116	8,420,218	8,797,334
Net Position			
Net investment in capital assets	3,451,136	19,940,579	23,391,715
Restricted for debt service	184,000	62,553	246,553
Restricted for capital projects	299,316	429,642	728,958
Restricted for public safety	48,932	-	48,932
Unrestricted	4,397,240	4,735,688	9,132,928
Total net position	8,380,624	25,168,462	33,549,086

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

City of Chatsworth, Georgia
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government							
Governmental activities:							
General government	$ 1,250,405	$ 94,490	$ -	$ 411,012	$ (744,903)	$ -	$ (744,903)
Public safety	2,082,359	196,615	-	-	(1,885,744)	-	(1,885,744)
Public works	865,904	-	45,242	-	(820,662)	-	(820,662)
Public welfare and recreation	155,423	-	-	-	(155,423)	-	(155,423)
Building Inspection	155,190	15,223	-	-	(139,967)	-	(139,967)
Total govenmental activities	4,509,281	306,328	45,242	411,012	(3,746,699)	-	(3,746,699)
Business-type activities:							
Water & Sewer	5,874,918	6,482,946	-	-	-	608,028	608,028
Total business-type activities	5,874,918	6,482,946	-	-	-	608,028	608,028
Total primary government	$ 10,384,199	$6,789,274	$ 45,242	$ 411,012	$ (3,746,699)	$ 608,028	$ (3,138,671)
General revenues:							
Property tax					$ 837,515	$ -	$ 837,515
Franchise tax					941,790	-	941,790
Local option sales tax					532,528	-	532,528
Malt beverage tax					116,347	-	116,347
Motor vehicle tax					101,639	-	101,639
Occupational tax					64,742	-	64,742
Premium tax					231,973	-	231,973
Other taxes					31,458	-	31,458
Other revenue					-	147,045	147,045
Interest revenue					69,267	39,168	108,435
Total general revenue					2,927,259	186,213	3,113,472
Transfers					-	-	-
Total general revenues and transfers					2,927,259	186,213	3,113,472
Change in net position					(819,440)	794,241	(25,199)
Net position - beginning of year					9,200,065	24,374,221	33,574,286
Net position - end of year					$ 8,380,624	$ 25,168,462	$33,549,086

The accompanying notes ar an intergral part of the financial statements.

CITY OF CHATSWORTH, GEORGIA
Governmental Funds
Balance Sheet
December 31, 2014

	General Fund	SPLOST Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash	$ 2,140,993	$ 236,883	$ 48,932	$ 2,426,808
Investment	1,479,051	-	-	1,479,051
Property tax receivable - net	94,052	-	-	94,052
Interfund loan receivable				
Current portion -	157,950	-	-	157,950
Non-current portion -	0	-	-	-
Interfund receivables	9,653			9,653
Other receivables	745,927	-	-	745,927
Due from other governments	102,171	62,433	-	164,604
Prepaid expenses	54,212	-	-	54,212
Total assets	$ 4,784,009	$ 299,316	$ 48,932	$ 5,132,257
LIABILITIES				
Accounts payable	$ 37,675	$ -	-	$ 37,675
Accrued wages	68,989	-	-	68,989
Payroll tax payable	22,844	-	-	22,844
Internal balances	(21,097)	21,097		-
Total liabilities	108,411	21,097	-	129,508
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	44,383	-	-	44,383
FUND BALANCES				
Nonspendable -				
Non-Current loan receivable	0	-	-	-
Prepaid items	54,212	-	-	54,212
Restricted for -				
SPLOST Projects	-	278,219	-	278,219
Public Safety	-	-	48,932	48,932
Unassigned	4,577,003	-	-	4,577,003
Total fund balances	4,631,215	278,219	48,932	4,958,366
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	$ 4,784,009	$ 299,316	$ 48,932	$ 5,132,257

The accompanying notes are an intergral part of the financial statements.

CITY OF CHATSWORTH, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Positions
December 31, 2014

Total Governmental Fund Balances		$ 4,958,366
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets do not represent financial resources and therefore are not reported in the funds but are reported for governmental activities:		
Cost	9,432,039	
Less accumulated depreciation	(5,796,903)	3,635,136
Liabilities, including notes, bonds, capital leases, and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position:		
Capital lease payable	(184,000)	
Compensated absences	(73,261)	(257,261)
Some of the City's revenues will be collected after year-end but are not avialable soon enough to pay for the current periods expenditures and, therefore, are deferred in the funds.		44,383
Net Position of Governmental Activities		$ 8,380,624

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

CITY OF CHATSWORTH, GEORGIA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

	General Fund	SPLOST Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	$ 2,761,470	$ -	$ -	$ 2,761,470
License and permits	32,501	-	-	32,501
Intergovernmental	160,000	411,012	-	571,012
Fines and forfeitures	172,392	-	24,016	196,408
Interest revenue	69,267	-	-	69,267
Other revenue	77,418	-	-	77,418
Total revenues	3,273,048	411,012	24,016	3,708,076
EXPENDITURES				
Current expenditures				
General government	1,115,310	21,097	-	1,136,407
Public safety	1,977,871	25,995	13,726	2,017,592
Street department	832,224	-	-	832,224
Public welfare and recreation	134,469	-	-	134,469
Building inspector	174,650	-	-	174,650
Debt service - principal		92,000		92,000
Total expenditures	4,234,524	139,092	13,726	4,387,342
Excess (deficiency) of revenues over expenditures	(961,476)	271,920	10,290	(679,266)
Other Financing Sources (Uses)				
Transfers in	176,128	-	-	176,128
Transfers out	-	(176,128)	-	(176,128)
Total other financing sources (uses)	176,128	(176,128)	-	-
Net change in fund balance	(785,348)	95,792	10,290	(679,266)
Fund balances - beginning of year	5,416,563	182,427	38,642	5,637,632
Fund balances - end of year	$ 4,631,215	$ 278,219	$ 48,932	$ 4,958,366

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

CITY OF CHATSWORTH, GEORGIA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended December 31, 2014

Net Changes in Fund Balances - Total Governmental Funds	$ (679,266)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Depreciation expense in excess of capital outlay	(215,529)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	92,000
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavialable deferred inflows:	
Net change in deferred inflows	(18,236)
Compensated absences reported in the statement of activities don't require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net change in accrued liability	1,591
Change in Net Position of Governmental Activities	$ (819,440)

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

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CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Year Ended December 31, 2014

	Budgeted Amounts			Variance Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes				
City property tax	$ 846,311	$ 846,311	$ 855,751	$ 9,440
Premium tax	225,000	225,000	231,973	6,973
Franchise tax	805,000	805,000	827,032	22,032
Local options sales tax	600,000	600,000	532,528	(67,472)
Malt beverage tax	127,850	127,850	116,347	(11,503)
Motor vehicle tax	50,000	50,000	101,639	51,639
Occupational tax	60,000	60,000	64,742	4,742
Banking tax	30,000	30,000	31,458	1,458
Total taxes	2,744,161	2,744,161	2,761,470	17,309
License and permits				
Building permits	-	-	-	-
Malt and beverage license	31,900	31,900	32,501	601
Total license and permits	31,900	31,900	32,501	601
Intergovernmental				
State grants for street const.	46,783	46,783	45,242	(1,541)
Franchise tax from Water Works	115,000	115,000	114,758	(242)
Total intergovernmental	161,783	161,783	160,000	(1,783)
Fines and forfeitures				
Police and courts	201,000	201,000	172,392	(28,608)
Total fines and forfeitures	201,000	201,000	172,392	(28,608)
Interest revenue				
Interest	-	-	69,267	69,267
Total interest revenue	-	-	69,267	69,267
Other revenue				
Miscellaneous	82,700	82,700	77,418	(5,282)
Total other revenue	82,700	82,700	77,418	(5,282)
TOTAL REVENUES	3,221,544	3,221,544	3,273,048	51,504

(Continued)

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended December 31, 2014

	Budgeted Amounts			Variance (Over)
	Original	Final	Actual	Under
EXPENDITURES				
Current expenditures				
General government				
Administration				
Administrative salaries	$ 181,880	$ 181,880	$ 144,140	$ 37,740
Health Insurance	27,372	27,372	21,328	6,044
Payroll taxes	13,913	13,913	9,116	4,797
Retirement contribution	10,002	10,002	7,071	2,931
Advertising	3,000	3,000	841	2,159
Telephone	7,500	7,500	6,304	1,196
Office supplies	17,000	17,000	16,570	430
Repairs and maintenance	27,000	27,000	3,513	23,487
Dues and subscriptions	16,000	16,000	14,873	1,127
Professional services	25,000	25,000	25,000	-
Utilities	12,000	12,000	7,261	4,739
Miscellaneous expenditures	16,000	16,000	5,697	10,303
Tree City USA	14,447	14,447	-	14,447
Library aid	30,000	30,000	30,000	-
Contributions	5,800	5,800	752,590	(746,790)
Capital purchases	124,724	124,724	5,560	119,164
Total administration	531,638	531,638	1,049,863	(518,225)
Building and plant				
Insurance	17,500	17,500	10,336	7,164
Janitorial	5,000	5,000	4,290	710
Total building and plant	22,500	22,500	14,626	7,874
Council				
Mayor and Council	27,600	27,600	27,600	-
Total council	27,600	27,600	27,600	-
Elections				
Election	-	-	-	-
Total elections	-	-	-	-
Law				
Professional services	12,000	12,000	22,052	(10,052)
Education and training	7,500	7,500	1,169	6,331
Total law	19,500	19,500	23,221	(3,721)
Total general government	$ 601,238	$ 601,238	$ 1,115,310	$ (514,072)

(Continued)

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended December 31, 2014

	Budgeted Amounts			Variance (Over)
	Original	Final	Actual	Under
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public safety				
Police department				
Salaries	$ 619,962	$ 654,235	$ 666,713	$ (12,478)
Payroll taxes	46,677	48,853	48,853	-
Group health insurance	94,320	94,320	89,585	4,735
Retirement expenditures	45,413	45,413	45,413	-
Unemployment tax	-	-	-	-
Workers compensation insurance	26,000	24,380	20,341	4,039
Office supplies	7,000	7,000	6,308	692
Janitorial	7,000	1,700	1,700	-
Utilities	8,500	8,500	7,006	1,494
Telephone	7,900	7,900	6,810	1,090
Insurance	15,000	15,000	13,817	1,183
Uniforms	6,300	10,648	10,648	-
Fuel	42,000	39,978	39,978	-
Supplies and materials	7,500	7,500	6,096	1,404
Repairs and maintenance	18,000	13,980	13,980	-
Personnel training	9,000	9,000	8,445	555
State Fines	17,000	17,000	13,566	3,434
Jail board and fund	40,000	23,655	22,681	974
Property settlement	-	-	-	-
Vehicle expenditures	8,000	8,000	5,891	2,109
Miscellaneous	13,700	10,833	8,296	2,537
Peace officer training fund	15,000	12,258	12,258	-
Budgeted and non-budgeted contributions	24,000	19,619	18,710	909
Capital Purchases	93,450	93,450	95,087	(1,637)
Total police department	1,171,722	1,173,222	1,162,182	11,040
Fire department				
Salaries	556,920	556,920	552,916	4,004
Payroll taxes	42,604	42,604	41,089	1,515
Group health insurance	75,456	75,456	69,900	5,556
Retirement expenditures	38,010	38,010	34,928	3,082
Workers compensation insurance	18,500	18,500	17,070	1,430
Insurance	8,000	8,618	8,618	-
Telephone	6,000	6,077	6,077	-
Personnel training	3,000	3,000	2,817	183
Office supplies	850	1,002	1,002	-
Maintenance	6,000	6,000	5,834	166
Utilities	18,600	18,900	18,900	-
Fuel	13,500	15,198	15,198	-
Uniforms	13,000	13,000	11,862	1,138
Protective clothing	14,000	14,000	11,807	2,193
Equipment repairs	15,500	11,105	10,191	914
Truck expenditures	5,000	6,408	6,408	-
Miscellaneous	2,050	2,192	1,072	1,120
Capital purchases	98,326	98,326	-	98,326
Total fire department	935,317	935,317	815,689	119,628
Total public safety	$2,107,039	$2,108,539	$1,977,871	$ 130,668

(Continued)

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Year Ended December 31, 2014

	Budgeted Amounts			Variance (Over)
	Original	Final	Actual	Under
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public works				
Street department				
Salaries	$ 400,501	$ 400,501	$ 349,397	$ 51,104
Payroll taxes	30,638	30,638	25,440	5,198
Group health Ins	70,812	70,812	50,144	20,668
Retirement insurance	19,832	19,832	17,498	2,334
Workers compensation Ins	14,083	14,083	12,518	1,565
Insurance	12,939	13,328	13,328	-
Auto	15,000	15,000	4,078	10,922
Uniforms	8,500	8,500	5,177	3,323
Fuel	60,500	60,500	37,870	22,630
Supplies & materials	45,000	44,612	20,948	23,664
Repairs and maintenance	20,000	20,000	8,330	11,670
Utilities	190,000	190,000	172,303	17,697
Street improvements	270,800	270,800	84,584	186,216
Office supplies	1,000	1,000	61	939
Telephone	2,000	2,000	1,708	292
Equipment rental	1,000	1,000	-	1,000
Miscellaneous	2,000	2,000	1,267	733
Capital Purchases	58,500	58,500	27,573	30,927
Total street department	1,223,105	1,223,106	832,224	390,882
Total public works	1,223,105	1,223,106	832,224	390,882
Public welfare and recreation				
Health and Sanitation				
Salaries	46,508	46,508	44,982	1,526
Payroll taxes	3,558	3,558	3,245	313
Group health insurance	8,197	8,197	6,124	2,073
Retirement expenditures	3,244	3,244	3,244	-
Workers compensation insurance	1,602	1,707	1,707	-
Insurance	1,961	2,002	2,002	-
Supplies & materials	1,000	855	722	133
Repairs & maintenance	15,000	15,000	7,986	7,014
Uniforms	1,200	1,200	496	704
Miscellaneous	1,000	1,000	101	899
Fuel	18,000	18,000	9,475	8,525
Tipping fees	45,000	45,000	24,385	20,615
Health department aid	5,000	5,000	5,000	-
Budgeted contributions	25,000	25,000	25,000	-
Total health and sanitation	176,270	176,271	134,469	41,802
Total welfare and recreation	$ 176,270	$ 176,271	$ 134,469	$ 41,802

(Continued)

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended December 31, 2014

	Budgeted Amounts			Variance (Over)
	Original	Final	Actual	Under
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Building inspection				
Salaries	$ 43,240	$ 43,240	$ 105,522	$ (62,282)
Payroll taxes	3,308	3,308	7,771	(4,463)
Group health	6,288	6,288	11,717	(5,429)
Retirement	3,244	3,244	3,244	-
Workman's compensation	2,000	284	284	-
Janitorial	1,700	990	990	-
Insurance	2,000	1,490	1,231	259
Auto	1,000	1,000	121	879
Utilities	3,600	2,435	2,420	15
Fuel	2,000	4,654	4,654	-
Uniform	500	500	368	132
Personnel training	1,000	1,000	633	367
Office supplies	2,000	565	565	-
Maintenance and supplies	500	500	13	487
Equipment repairs	500	35	-	35
Telephone	1,800	1,800	1,244	556
Dues	500	965	965	-
Miscellaneous	5,250	8,131	8,131	-
Capital Purchases	25,000	25,000	24,777	223
Total Building Inspection	105,430	105,429	174,650	(69,221)
Total Expenditures	4,213,082	4,214,583	4,234,524	(19,941)
Excess (deficiency) of revenues over (under) expenditures	(991,538)	(993,039)	(961,476)	(31,563)
Other financing sources (uses)				
Transfers in	-	-	176,128	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	176,128	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(991,538)	(993,039)	(785,348)	(31,563)
Fund balance - beginning of year	5,416,563	5,416,563	5,416,563	-
Fund balance - end of year	$4,425,025	$ 4,423,524	$ 4,631,215	$ (207,691)

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

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CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Net Position
December 31, 2014

ASSETS	Water and Sewerage Fund
CURRENT ASSETS	
Cash and cash equivalents	$ 2,498,746
Investments	2,527,925
Receivables, net of allowance for uncollectibles:	
Accounts	714,923
Other	41,282
Inventory	119,900
Prepaid expenses	27,581
Restricted assets:	
Cash and cash equivalents	533,801
Total current assets	6,464,158
NON-CURRENT ASSETS	
Capital assets:	
Land	649,734
Buildings	5,512,332
Infrastructure	40,802,562
Machinery and equipment	3,738,809
Vehicles	660,214
Construction in progress	186,770
	51,550,421
Less accumulated depreciation	24,267,949
Total non-current assets	27,282,472
Total assets	33,746,630

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Net Position (Continued)
December 31, 2014

LIABILITIES		
CURRENT LIABILITIES		
Payable from current assets:		
Accounts payable	$	229,467
Interund payables		9,653
Compensated absences payable		70,510
Accrued expenses and other liabilities		22,456
Customer deposits payable		779,069
Unearned revenue		83,119
Accrued interest payable		395
Interfund loan payable - current		157,950
Payable from restricted assets:		
Revenue bonds payable - current		230,000
Accrued interest payable		41,606
Total current liabilities		1,624,225
LONG-TERM LIABILITIES		
Revenue bonds payable		6,953,943
Total long-term liabilities		6,953,943
Total liabilities		8,578,168
NET POSITION		
Net investment in capital assets		19,940,579
Restricted for debt service		62,553
Restricted for capital projects		429,642
Unrestricted		4,735,688
Total net position	$	25,168,462

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2014

	Water and Sewerage Fund
Operating revenues	
Charges for services:	
Water sales	$ 4,577,091
Sewer sales	1,292,372
Connection fees	138,789
Other fees and charges	474,694
Total operating revenues	6,482,946
Operating expenses	
Administrative	1,400,234
Distribution and maintenance	1,130,092
Sewer plant	436,218
Water plant	1,283,124
Depreciation	1,443,438
Total operating expenses	5,693,106
Operating income	789,840
Non-operating revenues (expenses)	
Interest income	39,168
Interest expense and fiscal charges	(164,667)
Increase in fair vaue of investments	147,045
Other	(17,145)
Total non-operating revenues (expenses), net	4,401
Change in net position	794,241
Net position, beginning of year	24,374,221
Net position, end of year	$ 25,168,462

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2014

	Water and Sewerage Fund
Cash Flows from Operating Activities	
Receipts from customers and users	$ 6,440,941
Payments to suppliers	(2,413,552)
Payments to employees	(1,901,496)
Net cash provided by operating activities	2,125,893
Cash Flows from Noncapital Financing Activities	
Other non-operating expenses	(9,545)
Net cash used in noncapital financing activities	(9,545)
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(1,273,300)
Proceeds from the sale of capital assets	15,257
Principal payments on long-term borrowings	(374,430)
Interest paid on long-term borrowings	(167,373)
Net cash used in capital and related financing activities	(1,799,846)
Cash Flows from Investing Activities	
Purchases of investments	(3,538,249)
Proceeds from maturities of investments	3,366,194
Interest received	39,168
Net cash used in investing activities	(132,887)
Net decrease in cash	183,615
Cash and cash equivalents:	
Beginning of year	2,848,932
End of year	$ 3,032,547
Classified as:	
Cash and cash equivalents	$ 2,498,746
Restricted cash and cash equivalents	533,801
	$ 3,032,547
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	$ 789,840
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,443,438
Change in assets and liabilities:	
Increase in accounts receivable	(84,542)
Decrease in inventory	4,613
Decrease in prepaid expenses	11,844
Decrease in accounts payable and accrued expenses	(81,837)
Increase in unearned revenue	3,843
Increase in customer deposits payable	38,694
Net cash provided by operating activities	$ 2,125,893
Non-Cash Investing Activities	
Increase in fair value of investments	$ 147,045

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

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The City of Chatsworth, Georgia ("the City") was incorporated on June 7, 1926, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Administration form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, general administrative services, and public utilities, and general administration services.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The City does not apply FASB pronouncements or Accounting Principles Board Opinions issued after November 30, 1989. The more significant accounting policies of the City are described below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB issued statement No. 14, *The Financial Reporting Entity*, and GAAP. This statement requires that the financial statements present the fund types and account groups of the City of Chatsworth (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board, and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The following component unit has been presented as a discretely presented component unit because of the significance of the operational relationship with the City.

The City of Chatsworth Water Works Commission (the "Commission"), a body politic, was duly created under the Acts of the General Assembly of the State of Georgia in 1947. The Commission was created to provide water and related services throughout the City of Chatsworth, Georgia. The Commission currently serves customers in the City of Chatsworth and Murray County, Georgia. Related services include waste treatment, maintenance of water and sewer lines and installation of new water and sewer lines. The Commission is governed by a board of commissioners, which are appointed by the Mayor of Chatsworth. The Commission's financial information is included within the City of Chatsworth, Georgia's financial statements as a discretely presented component unit.

The Downtown Development Authority of Chatsworth – The Downtown Development Authority is a registered local government authority and a component of the City of Chatsworth, but is inactive and has no assets. Therefore, it is not presented in the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations – The Housing Authority of the City of Chatsworth, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Chatsworth, Georgia. The City of Chatsworth, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Chatsworth, Georgia is a related organization.

B. Basic Financial Statements – GASB Statement No. 34

The basis financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous model emphasized fund types(the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

Government-wide Statements – The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both governmental and business-type activities are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, inter-governmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is designed to view the City as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – GASB Statement No. 34 (Continued)

Fund Financial Statements – The fund financial statements are, in substance, very similar to the financial statements presented in the previous model, and provide information about the City's funds, including governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprises funds, each displayed in a separate column.

Enterprises fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund – This governmental fund is used to account for the Special Local Option Sales Tax (SPLOST) receipts of the City.

The City reports the following major enterprise fund:

Water and Sewer Fund – This fund is used to account for the provision of water and sewer services to the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus – Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus – Basis of Accounting (Continued)

Property taxes, sales taxes, franchise taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

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 the enterprise fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Fund balance – Generally fund balance represents the difference between assets and liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable– Fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances 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.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The Council also may modify or rescind the commitment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus – Basis of Accounting (Continued)

Assigned – Fund balances are reported as assigned when amounts are constrained by the Council action to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned when the residual amount does not meet any of the above criteria. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balances in the following order: Committed, assigned, unassigned.

Net Position – Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is presented in three components as follows:

Net investment in capital assets – Capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

All governmental and business-type activities of the City follow FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

D. Encumbrance Accounting

Encumbrance accounting is a system used to track outstanding purchase commitments that have not yet resulted in liabilities. Encumbrances are commitments related to unperformed (executory) contracts for goods or services. When a purchase order or commitment is placed, the governmental unit reduces the amount of budgetary authority remaining in the budget category and records an outstanding encumbrance. When the goods or services have been received, the encumbrance balance is reduced and the expenditure and a liability is recorded. The City of Chatsworth, Georgia does not use encumbrance accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Data

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

In accordance with Office Code of Georgia Annotated (O.C.G.A.)§ 36-81-3, budgets are legally adopted for the general fund and the enterprise fund.

During the last weeks of the year, budget requests are prepared for each department based on the activities of the current year with anticipated changes for the next year including needed capital expenditures. The budget requests are submitted to the Council at a scheduled meeting. The council formally adopts an annual appropriated budget for the general fund. This budget is adopted on a departmental basis. The City manager is authorized to transfer budgeted amounts within departments. The Council adopts a flexible budget for the water and sewer fund. The expense estimates of the flexible budget are not appropriations but approved plans.

Budgets are adopted on a basis consistent with GAAP. Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the Council. Individual amendments are not material in relation to the original appropriations. All annual appropriations, which are not expended, lapse at year-end.

The level of control (the level at which expenses may not exceed appropriations without approval of the Commission) for each legally adopted annual operating budget is at the department level. This is the level of comparison which is presented in the basic financial statements.

F. Cash and Cash Equivalents

For cash flow reporting purposes in proprietary funds, cash includes petty cash, amounts in demand deposits and cash equivalents. The City considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents on December 31, 2014.

G. Investments

All investments are made in accordance with O.C.G.A. § 36-83-4 and are reported at fair value, which is based on quoted market price.

The City of Chatsworth, Georgia is authorized to invest in the following:

1. Obligations of the State of Georgia or of other states;
2. Obligations issued by the United States government;
3. Obligations fully insured or guaranteed by the United States government or a United States government agency;
4. Obligations of any corporation of the United States government;
5. Prime bankers' acceptance;
6. The local government investment pool established by Georgia Code Section 36-83-8;
7. Repurchase agreements; and
8. Obligations of other political subdivisions of the State of Georgia.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage dating back to 1985), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Building and improvements	40
Fire department	7–12
Furniture and equipment	7
Police department	5–12
Public works	7–12
Infrastructure	20

Capital assets of the enterprise fund are accounted for in the enterprise fund and are stated at cost or estimated fair market value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The Commission defines its capitalization policy as assets costing $1,000 and having an estimated useful life of greater than three years.

Donated capital assets are valued at their estimated fair value on the date donated. The City's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

I. Inventories

Supplies and materials are recorded as expenditures at the time items are purchased and are not inventoried at year-end due to lack of materiality.

Water and Sewer Fund - Inventories of materials and supplies are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. The Commission uses the consumption method of accounting for inventory, in that as materials are purchased they are coded to inventory and then as subsequently used they are expensed in the fund.

J. Restricted Net Position

The City records restrictions of net position, which are maintained for specific purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Transactions

Interfund Receivables and Payables - Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions Between Funds - Transactions between funds that would be treated as revenues, expenditures or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated, but treated as transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

L. Compensated Absences

Employees eligible for leave include full time employees and part-time employees that have been employed by the Council for one year and work a minimum of 20 hours per week. During the first 10 years of employment, a full time employee accrues 10 days of vacation leave per year. After 10 years, the employee shall accrue 15 days of vacation leave. The maximum of unused vacation leave a full time and eligible part-time employee may accumulate after 10 years is 160 hours.

Unused vacation benefits and compensatory time will be paid to the employees upon separation from the City. Accumulated unpaid compensated absence amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

M. Long-term Obligations

In the governmental-wide financial statements, long-term debt and other long term obligations are reported as liabilities on the Statement of Net Position.

N. Prepayment of Expenditures

Government fund expenditures for insurance and similar services extending over more than one accounting period are not allocated between accounting periods but accounted for as expenditure in the period disbursed.

O. Prepayment of Expenditures

Government fund expenditures for insurance and similar services extending over more than one accounting period are not allocated between accounting periods but accounted for as expenditure in the period disbursed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Property Taxes

Property tax levies by the City are assessed by the Assessor of Property in Murray County and collected by the City. Property tax revenues are recognized on the modified accrual basis.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	October 20, 2014
Levy date	October 20, 2014
Tax bills mailed	October 20, 2014
Payment due date	October 20, 2014 through February 28, 2015
Delinquency date	March 1, 2015

Q. Capital Contributions:

Capital contributions consist of capital grants or contributions from developers, customers and other entities.

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Bond Premium, Discount and Issuance Costs

Bond premiums, and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as an addition and reduction, respectively, of the face amount of bonds payable in the statement of net position. Issuance costs are expensed when paid in the statement of revenues, expenses, and changes in net position.

T. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

U. New Governmental Accounting Standards Board (GASB) Standards

For the year ended December 31, 2014, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 63 identified net position as the residual of all other elements presented in a statement of financial position. Statement No. 65 establishes accounting and financial reporting standards that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

NOTE 2. DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's deposit balances as of December 31, 2014:

As reported in the Governmental Funds Statement of Net Position

Cash and cash equivalents	$	2,140,993
Investments		1,479,051
Restricted:		
Cash and cash equivalents		285,815
	$	3,905,859
Cash deposited with financial institutions	$	2,426,800
Municipal debt obligations		1,479,051
	$	3,905,851

Custodial Credit Risk for Deposits –Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statues require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2014, the City did not have any deposits which were uninsured or under collateralized, as defined by State statutes.

Interest Rate Risk – As of December 31, 2014, a formal investment policy, in compliance with O.C.G.A. § 36-83-4, was implemented by the City to provide maximum security and rate of return while meeting the daily cash flow demands of the City. The policy sets forth the guidelines and objectives necessary to achieve a prudent cash and investment management program.

On December 31, 2014, the City had the following investments:

Type of Investment	Maturity Date or Weighted Avg. Maturity		Market Value
Municipal debt obligations	20.74 years	$	1,479,051
Total investments		$	1,479,051

The credit rating of the City's investments in government and agency bonds was AAA; while the credit rating of investments in municipal bonds ranged from AAA to A-, as reported by Moody Fitch's Investor Services as of December 31, 2014.

The value of bonds is $1,512,043 as of the report date.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Water Works Commission

Following is a reconciliation of the Commission's deposit balances as of December 31, 2014:

As reported in the Proprietary Funds Statement of Net Position

Cash and cash equivalents	$	2,498,746
Investments		2,527,925
Restricted:		
Cash and cash equivalents		533,801
	$	5,560,472
Cash deposited with financial institutions	$	3,032,547
Municipal debt obligations		1,421,070
Corporate bond obligations		1,106,855
	$	5,560,472

Custodial Credit Risk: Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and the Commission's policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2014, the Commission did not have any deposits which were uninsured or under collateralized, as defined by State statutes.

On December 31, 2014, the Commission had the following investments:

Type of Investment	Maturity Date or Weighted Avg. Maturity		Market Value
US Government Agency Bonds	7.51 years	$	1,106,855
Municipal Bonds	9.06 years		1,421,070
Total Investments		$	2,527,925

Credit Risk –State Statutes authorize the Commission to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of the political subdivisions of the State of Georgia.

Aside from adherence to State statues, the Commission does not have a formal policy that restricts its investments to a certain quality rating. As of December 31, 2014, the Commission's investments in municipal debt obligations and corporate bond obligations ranged from AAA to BAA1 and A3 to BAA1, respectively, as rated by Moody's Investor Services.

Interest Rate Risk –The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3. NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

No transactions occurred involving investing, capital and financing activities that affect recognized assets or liabilities but do not result in cash receipts or payments during the year.

NOTE 4. PROPERTY TAXES

A summary of property taxes receivable on December 31, 2014 is as follows:

	Current Levy	Prior Levies	Total
General Fund			
Property Taxes Receivable	$ 84,747	$ 10,193	$ 94,940
Allowance for Uncollectible Taxes	(800)	(88)	(888)
Net	$ 83,947	$ 10,105	$ 94,052

NOTE 5. RECEIVABLES

General Fund

The following amounts are due from other governments on December 31, 2014:

Murray County Georgia – SPLOST	$ 62,432
State of Georgia – Sales Tax	92,518
Total	$ 154,950

Proprietary Funds

Customer accounts receivable include billed but uncollected amounts and unbilled receivables based on a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Receivables, including the applicable allowances for uncollectible accounts, consisted of the following on December 31, 2014:

Receivables:	
Accounts receivable	$ 724,634
Less allowance for uncollectible	9,709
Net accounts receivable	$ 714,923
Other receivables	$ 41,262

NOTE 6. DEFERRED INFLOWS OF RESOURCES

The governmental funds financial statements report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one type of item, under a modified accrual basis of accounting, that qualifies for reporting in this category. Therefore, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

At the end of the current fiscal year, the component of deferred inflows of resources reported in the governmental funds is as follows:

	Unavailable	Total
Property Taxes	$44,383	$44,383

NOTE 7. CAPITALIZATION OF INTEREST COSTS

During construction periods, interest costs related to construction loans are capitalized.

NOTE 8. LONG-TERM DEBT

City

Long-term debt activity for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	276,000	-	92,000	184,000	92,000
Compensated absences	74,852	-	1,591	73,261	73,261
Total long-term liabilities	350,852	-	93,591	257,261	185,261

Bond Payable

In January 2013, the City entered a lease agreement with Community First National Bank to finance the purchase of a Ferrara Igniter MVP Pumper Truck for the Fire Department. The bond bears interest rate of 1.897% and will mature in 2016.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity for the City's bond are as follows:

	TOTAL
Fiscal year ending December 31,	
2015	92,000
2016	92,000
Total	$ 184,000

Since the City is a governmental entity, its obligations is tax-exempt. The City filed Form 8038-G in January 2013, received a letter acknowledging the exempt status from the IRS in March 2013.

Water Work Commission

Long-term debt activity for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 7,180,000	$ -	$ (110,000)	$ 7,070,000	$ 230,000
Premium	125,745	-	(11,802)	113,943	
Revenue bonds payable, net	7,305,745	-	(121,802)	7,183,943	230,000
Notes payable	422,380	-	(264,430)	157,950	157,950
Compensated absences	67,236	87,327	(84,053)	70,510	70,510
Total long-term liabilities	$ 7,795,361	$ 87,327	$ (470,285)	$ 7,412,403	$ 458,460

Revenue Bonds

In September 2012, the Commission issued Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 to prepay its outstanding loans with the Georgia Environmental Finance Authority (GEFA) and to acquire, construct and equip extensions, additions, and improvements to its utility system. The bonds bear interest at rates ranging from 2.00 – 3.00% and mature in 2030.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity for the Commission's revenue bonds are as follows:

	Principal	Interest	Total
Fiscal year ending December 31,			
2015	$ 230,000	$ 166,425	$ 396,425
2016	390,000	161,825	551,825
2017	400,000	154,025	554,025
2018	410,000	146,025	556,025
2019	415,000	137,825	552,825
2020-2024	2,210,000	557,070	2,767,070
2025-2029	2,480,000	288,745	2,768,745
2030	535,000	16,050	551,050
Total	$ 7,070,000	$ 1,627,990	$ 8,697,990

Defeasance of Debt

The Commission has defeased certain outstanding revenue bonds by placing funds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Commission's financial statements. On December 31, 2014, the outstanding amount of bonds considered defeased is $85,000.

Notes Payable

In 2009, the Commission incurred debt to the City of Chatsworth, Georgia to repay two (2) of the Commission's outstanding loans with GEFA. This note payable, including the original balance, is as follows on December 31, 2014:

Interest Rate	Term	Due Date	Original Balance
3.00%	6 years	2015	$ 1,500,000

The Commission's debt service requirements to maturity on notes payable to the City of Chatsworth, Georgia are as follows:

	Principal	Interest	Total
Fiscal year ending December 31,			
2015	157,950	1,583	159,533
Total	$ 157,950	$ 1,583	$ 159,533

NOTE 10. SEGMENT INFORMATION

The City of Chatsworth Water Works Commission issues revenue bonds to support construction of and improvements to the water and sewer systems. The Water and Sewer Fund financial statements are presented as the only proprietary fund of the City. Services provided by the fund are described in Note 1.

NOTE 11. RESTRICTED ASSETS

Certain proceeds of the revenue bonds and GEFA loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable covenants.

NOTE 12. CAPITAL ASSETS

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

General government	$ 119,198
Public safety	192,727
Public works	61,564
Public welfare	20,855
Building inspection	3,738
Total	$ 398,082

Capital asset activity for the year ended December 31, 2014 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 595,407	$ -	$ -	$ 595,407
Total	595,407	-	-	595,407
Capital assets being depreciated:				
Buildings and improvements	2,047,757	-	-	2,047,757
Infrastructure	3,001,230	-	-	3,001,230
Equipment	1,224,026	61,644	(11,084)	1,274,586
Furniture and fixtures	69,308	5,560	(5,100)	69,768
Vehicles	2,327,942	115,349	-	2,443,291
Total	8,670,263	182,553	(16,184)	8,836,632

NOTE 12. CAPITAL ASSETS (CONTINUED)

Less accumulated depreciation for:				
Buildings and improvements	(1,098,549)	(49,426)	-	(1,147,975)
Infrastructure	(2,051,724)	(104,077)		(2,155,801)
Equipment	(670,146)	(85,377)	11,084	(744,439)
Furniture and fixtures	(58,527)	(2,845)	5,100	(56,272)
Vehicles	(1,536,059)	(156,357)	-	(1,692,416)
Total	(5,415,005)	(398,082)	16,184	(5,796,903)
Total capital assets, being depreciated - net	3,255,258	(215,529)	-	3,039,729
Governmental activities, capital assets - net	$ 3,850,665	$ (215,529)	$ -	$ 3,635,136

Water Works Commission

Capital asset activity for the year ended December 31, 2014 was as follows:

Business-Type activities	Beginning Balance	Increases	Retirements & Transfers	Ending Balance
Capital assets not being depreciated:				
Land	$ 649,734	$ -	$ -	$ 649,734
Construction in progress	197,077		(10,307)	186,770
Total	846,811		(10,307)	836,504
Capital assets being depreciated:				
Buildings	5,474,794	37,538	-	5,512,332
Infrastructure	39,815,917	986,645		40,802,562
Machinery and equipment	3,447,580	115,428	(8,747)	3,554,261
Furniture and fixtures	164,860	30,788	(11,100)	184,548
Vehicles	629,226	102,901	(71,913)	660,214
Total	49,532,377	1,273,300	(91,760)	50,713,917

NOTE 12. CAPITAL ASSETS (CONTINUED)

Less accumulated depreciation for:				
Buildings	(3,200,632)	(145,189)	-	(3,345,821)
Infrastructure	(18,080,060)	(1,063,719)		(19,143,779)
Machinery and equipment	(1,200,305)	(149,322)	8,747	(1,340,880)
Furniture and fixtures	(108,968)	(13,398)	11,100	(111,266)
Vehicles	(303,449)	(71,810)	49,056	(326,203)
	(22,893,414)	(1,443,438)	68,903	(24,267,949)
Total capital assets, being depreciated - net	26,638,963	(170,138)	(22,857)	26,445,968
Business-type activities, capital assets - net	$ 27,485,774	$ (170,138)	$ (33,164)	$ 27,282,472

NOTE 13. RETIREMENT PLANS

Plan Description

The retirement plans, City of Chatsworth and Water Works Commission Retirement Plan ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Plan is affiliated with Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City and Commission are commingled with contributions made by other members of GMEBS for investment purposes. The City and Commission do not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by calling (404) 688-0472 or by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Services
201 Pryor Street, SW
Atlanta, Georgia 30303

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by Commissioners, the Plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, who work twenty hours or more per week, are eligible to participate after one year. Benefits start vesting after five years of service and are fully vested after ten. However, as of April 1, 2010 and for thirty days thereafter, the City and Commission allowed employees with less than ten years of service to opt out of the defined benefit

NOTE 13. RETIREMENT PLANS (CONTINUED)

plan and enroll in a new defined contribution pension plan. Subsequently, as of April 30, 2010, the defined benefit plan was closed to new membership, and all new employees of the City and Commission are automatically enrolled in the new defined contribution pension plan.

At July 1, 2013, the date of the most recent actuarial valuation, there were 103 participants in the Plan consisting of the following:

	City	Water Works
Retirees and beneficiaries currently receiving benefits	21	15
Terminated vested participants	12	8
Active employees	30	17
Total	**63**	**40**

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2014, the actuarially determined employer contribution rate of covered payroll was 6.46% for the City and 12.26% for the Commission. Participating employees are not required to make contributions to the cost of the Plan.

For the year ended December 31, 2014, the recommended and actual contributions were $88,862 and $109,472 of City and Commission, respectively. The recommended contribution was determined as part of the July 1, 2013 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% plus age and service base merit increases. The period for amortizing the remaining unfunded actuarial accrued liability is 10 years as a level dollar amount. This amortization period is closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

NOTE 13. RETIREMENT PLANS (CONTINUED)

Annual Pension Cost

The City and Commission's annual pension cost and net pension obligation for the pension plan and related assumption for the Plan year ended December 31, 2014 are as follows:

Basis of Valuation	
Current Valuation Date	July 1, 2014
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.5% plus age and service based merit increases
Expected Annual Inflation	3.5%
Actuarial Value of Assets	10 years smoothed
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

Historical trend information for the City and Commission, to the extent available, is presented as follows:

Trend Information
City of Chatsworth, Georgia

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/09	154,678	154,678	100%	-
12/31/10	154,678	154,678	100%	-
12/31/11	127,336	127,336	100%	-
12/31/12	121,008	121,008	100%	-
12/31/13	100,558	100,558	100%	-
12/31/14	88,862	88,862	100%	-

NOTE 13. RETIREMENT PLANS (CONTINUED)

Trend Information
Water Works Commission

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/09	117,003	117,003	100%	-
12/31/10	144,972	144,972	100%	-
12/31/11	125,653	125,653	100%	-
12/31/12	112,712	112,712	100%	-
12/31/13	109,472	109,472	100%	-
12/31/14	109,247	109,247	100%	-

The following is a schedule of funding progress, using the actuarial cost method:

Unit	Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as A Percentage of Covered Payroll
City of Chatsworth	7/1/14	$ 2,296,295	$ 2,468,325	$ 172,030	93.03%	$1,351,588	12.73%
Water Works Commission	7/1/14	$ 1,984,504	$ 2,342,276	$ 357,772	84.73%	$ 799,040	44.78%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates being made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2013.

The required schedule of funding progress can be found immediately following the notes to the financial statements presenting multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

The City and Commission's Profit Sharing Plan is a single employer defined contribution plan established and administered by MetLife for all City and Commission employees. The City and Commission automatically contribute 3% of an eligible employee's salary. Additionally, the City and Commission match 100% for each dollar of employee contributions up to 3% of the employee's salary. Employees are eligible after one year of employment and are fully vested after five years. Plan provisions and contributions requirements are established and may be amended by the Board of Commissioners.

For the year ending December 31, 2014, number of plan members and the employer contributions are as follow:

	Number of Plan Members	Employer Contributions
City of Chatsworth	4	$ 4,476
Water Works Commission	14	43,649

The City and Commission have a deferred compensation plan (the plan) for its employees under Internal Revenue Code section 457. The plan allows any full time employee to voluntarily defer receipt of up to 25 percent of their gross compensation, not to exceed the maximum annual contribution established by the Internal Revenue Service. The City and Commission do not contribute to the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are solely the property and rights of the participants in the deferred compensation plan. The MetLife plan is the current plan offered to new employees; while the Nationwide plan is the original plan with no new participants entering.

For The year ending December 31, 2014, employee contributions are as follow:

	Nationwide	MetLife
City of Chatsworth	$ 13,499	$ 2,413
Water Works Commission	21,886	8,402

The deferred compensation plans of the City and the Commission do not meet the criteria in NGCA statement 1, Governmental Accounting and Financial Reporting Principles, paragraph 26(3)(8), for inclusion in the financial statements of the City.

NOTE 15. RISK MANAGEMENT

City

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together in prior years with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage 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 pool's 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 workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the three prior years have not exceeded the coverages.

In 2010, the City's coverage for workers' compensation was changed to a private insurance company with limits of coverage set at $1,000,000.

The City also carries insurance for all other risks of loss, including general liability and errors and omission coverage through a private insurance company. The City carries commercial insurance for risks of loss related to property, general liability, equipment, automobiles and crime to cover torts, theft of and damage to assets, injuries, errors and omissions, and natural disaster. Significant losses are covered by the commercial insurance underlying these programs. Deductibles are generally set at $1,000.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 15. RISK MANAGEMENT (CONTINUED)

Water Works Commission

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the Commission is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Commission is also to allow the pool's agents and attorneys to represent the Commission in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Commission 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 workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

The Commission also carries insurance for all other risks of loss, including general liability and errors and omission coverage through a private insurance company. The Commission carries commercial insurance for risks of loss related to property, general liability, equipment, automobiles and crime to cover torts, theft of and damage to assets, injuries, errors and omissions, and natural disaster. Significant losses are covered by the commercial insurance underlying these programs.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

)TE 16. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto.

During its year ended December 31, 2014, the City paid $4,286 in such dues. Membership in NWGRC is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC Board membership includes the chief elected official of each municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of NWGRC. There were no related party transactions during the year. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
P.O. Box 1798
Rome, Georgia 30162-1798

The Commission is a member of the North Georgia Water Resources Partnership which is an organization of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Water Resources Partnership is regional organization of water related interests in North Georgia for monitoring and contribution to the development of federal, state, and local policy; educating the citizenry on water related issues; funding and managing regional water-related activities; and coordinating the activities of federal, state, and local entities. The Commission pays annual dues for its membership and during the year ended December 31, 2014 such dues amounted to $1,500. Additional information may be obtained from:

Northwest Georgia Regional Water Resources Partnership
P. O. Box 1798
Rome, Georgia 30162-1798

TE 17. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014 the City did not engage in any related party transactions with immediate family members of the Commissioners.

TE 18. CONTINGENT LIABILITIES

The City is subject to legal actions in the ordinary course of business. In the opinion of management and legal counsel, the City has adequate legal defenses and insurance coverage with respect to such actions and the liability, if any, which might result from these proceedings, would not have a material adverse effect on the financial position of the City.

TE 19. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Chatsworth, Georgia
Schedule of Funding Progress for Retirement Plans
Year Ended December 31, 2014

Funded Status

The tables below sets forth required supplementary information to be disclosed in the schedule of funding progress. The items presented are based on the actuarial valuation date:

City of Chatsworth
Schedule of Funding Progress for Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
07/01/14	$ 2,296,295	$ 2,468,325	$ 172,030	93.03%	$ 1,351,588	12.73%
07/01/13	2,149,761	2,385,208	235,447	90.13%	1,391,841	16.92%
07/01/12	1,979,634	2,250,213	270,579	87.98%	1,712,052	15.80%
07/01/11	1,809,306	2,121,708	312,402	85.28%	1,728,732	18.07%
05/01/10	1,602,138	1,966,113	363,975	81.49%	1,760,194	20.68%
05/01/09	1,112,498	1762,389	649,891	63.12%	1,722,321	37.73%

City of Chatsworth Water Works Commission
Schedule of Funding Progress for Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
07/01/14	$ 1,984,504	$ 2,342,276	$ 357,772	84.73%	$ 799,040	44.78%
07/01/13	1,891,118	2,289,529	398,411	82.60%	879,012	45.48%
07/01/12	1,785.190	2,059,606	274,416	86.68%	1,055,240	26.01%
07/01/11	1,809,306	2121,708	312,402	85.28%	1,728,732	18.07%
05/01/10	1,602,138	1,966,113	363,975	81.49%	1,760,194	20.68%
05/01/09	1,112,498	1,762,389	649,891	63.12%	1,722,321,	37.73%

Plan changes

There will be no changes in methods or assumptions from the prior valuation.

OTHER SUPPLEMENTARY INFORMATION

City of Chatsworth, Georgia
Schedule of Property Taxes Receivable
General Fund
December 31, 2014

Year of Levy	
2014	$84,747
2013	6,015
2012	2,801
2011	367
2010	367
2009	270
2008	311
2007	261
Total property taxes receivable	94,940
Less: allowance for uncollectible	(888)
Net property taxes receivable	$ 94,052

City of Chatsworth, Georgia
Schedule of Changes in Property Taxes Receivable
General Fund
December 31, 2014

	Taxes Receivable December 31, 2013	Taxes Levied	Pickups and (Releases)	Collections	Taxes Receivable December 31, 2014
2014	0	$ 842,602	$ 2,532	$ (760,387)	$ 84,747
2013	143,096	-	(3,929)	(133,152)	$ 6,015
2012	8,209	-	(2,516)	(2,892)	$ 2,801
2011	4,309	-	-	(4,042)	$ 267
2010	3,352	-	-	(3,085)	$ 267
2009	3,232	-	-	(2,961)	$ 271
2008	311	-	-	-	$ 311
2007	261	-	-	-	$ 261
Total	$ 162,770	$ 842,602	$ (3,913)	$ (906,519)	$ 94,940

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STATISTICAL INFORMATION

City of Chatsworth, Georgia
Statistical Information
December 31, 2014

I. SCHEDULE OF TAX RATES AND ASSESSMENTS

Tax Year	City Tax Rate	Assessment	Levy
2014	0.2274%	$ 370,537,692	$ 842,602
2013	0.2274%	362,191,823	823,624
2012	0.2265%	363,845,033	824,109
2011	0.2342%	314,529,098	736,627
2010	0.2342%	343,099,471	803,539
2009	0.2342%	403,028,618	943,893

II. BILLING RATES

The water and sewer rates for the City of Chatsworth for the year ended December 31, 2014 were:

Water Rates

Meter Size	Minimum Usage (Gallons)	Minimum Monthly Bill
5/8"	0 - 2000	$10.00 minimum
5/8"	> 2000	$2.90 minimum per 1000 gal.
1"	0 - 4000	$22.00 minimum
Above 1" up to 2"	0 - 5000	$35.00 minimum
2"	0 - 6000	$42.00 minimum
3"	0 - 9000	$62.00 minimum
4"	0 - 10000	$84.00 minimum
6"	0 - 20000	$124.00 minimum
8"	0 - 25000	$160.00 minimum

Sewer Rates

Meter Size	Minimum Usage (Gallons)	Minimum Monthly Bill
Gallons	0 - 2000	$10.00 minimum
Gallons	All over 2000	$3.35 per 1000 gal.

Water rates outside the City are 180% of City rates.

No outside sewer available except by special permit from the Mayor and City Council.

As of December 31, 2014, the City had 11,350 water customers and 2,314 sewer customers.

INTERNAL CONTROL AND COMPLIANCE SECTION

BRC

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Certified Public Accountant

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

Mayor and Council Members
City of Chatsworth, Georgia
Chatsworth, 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 business-type and each major fund and the remaining fund information of the City of Chatsworth, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Chatsworth, Georgia's basic financial statements and have issued our report thereon dated June 29,2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Chatsworth, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Chatsworth, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Chatsworth, Georgia's internal control over financial reporting.

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

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, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

mpliance and Other Matters

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

irpose of this Report

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

B. Rodney Crowe, CPA, PC

Rodney Crowe, CPA, P.C.
ne 29, 2015

CITY OF CHATSWORTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

SUMMARY OF AUDIT RESULTS

Opinion:

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Deficiencies:

No significant deficiencies or material weaknesses were identified.

Material Noncompliance:

No instances of noncompliance or other matters were disclosed.

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SPECIAL LOCAL OPTION SALES TAX

BRC

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Certified Public Accountant

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Georgia and Tennessee Societies
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INDEPENDENT AUDITOR'S REPORT

ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and Council members
City of Chatsworth, Georgia
Chatsworth, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Chatsworth, Georgia for the year ended December 31, 2014. This schedule is the responsibility of the City of Chatsworth, Georgia'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 modified accrual basis of accounting as described in Note A and is not intended to be a complete presentation of the City of Chatsworth, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Chatsworth, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

B. Rodney Crowe, CPA, PC

B. Rodney Crowe, CPA, P.C.
June 29, 2015

CITY OF CHATSWORTH, GEORGIA
Schedule of Projects Constructed with Special Purpose
Local Option Sales Tax – 2013 Cycle
Year Ended December 31, 2014

Project #	Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Percent of Completion
				Prior Years	Current Year	Total	
1	Fire Department Equipment	$ 750,000	$ 750,000	$ 209,611	$ 294,123	$ 503,734	67%
2	Police Department Equipment	$ 285,000	$ 285,000		$ -	$ -	0%
3	Street Department Equipment	$ 320,000	$ 320,000		$ -	$ -	0%
4	Sanitation Department Equipment	$ 180,000	$ 180,000		$ -	$ -	0%
5	Streets, Parks, Drainage	$ 820,000	$ 820,000			$ -	0%
6	Economic Development	$ 400,000	$ 400,000		$ 21,097	$ 21,097	5%
7	Technology Upgrades	$ 80,000	$ 80,000		$ -	$ -	0%
	Total	$ 2,835,000	$ 2,835,000	$ 209,611	$ 315,220	$ 524,831	19%