CITY OF CHAUNCEY, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CITY OF CHAUNCEY

CHAUNCEY, GEORGIA

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CITY OF CHAUNCEY

CHAUNCEY, GEORGIA

JUNE 30, 2014

MEMBERS OF CITY COUNCIL

Nellie Battle, Vice-Mayor
Tim Brown
Aaron Howard, Jr.
Tyrone Thomas
William Atkins

OFFICIALS

Carrie Carr, Mayor
Tina Nobles, Clerk
Rita Llop, Attorney

H. FRANK ERWIN, JR., P.C.
CERTIFIED PUBLIC ACCOUNTANT

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MEMBER
Georgia Society of
Certified Public Accountants

MEMBER
American Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To The Honorable Members of City Council
City of Chauncey, Georgia

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Chauncey, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, and each major fund of the City of Chauncey, Georgia, as of June 30, 2014, and the respective changes in financial position and cash flows, where

applicable, 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

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Chauncey, Georgia's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and are not a required part of the basic financial statements.

The individual fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 13, 2015, on my consideration of the City of Chauncey, Georgia's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Chauncey, Georgia's internal control over financial reporting and compliance.

H. Frank Gunn & P.C.

Eastman, Georgia
May 13, 2015

BASIC FINANCIAL STATEMENTS

CITY OF CHAUNCEY, GEORGIA
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2014

	Governmental Activities	Business - Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 107,405	$ 15,026	$ 122,431
Accounts receivables (net)	13,236	4,548	17,784
Accrued Assets	140	-	140
Total current assets	120,781	19,574	140,355
Noncurrent assets:			
Land and other nondepreciable assets	45,723	-	45,723
Capital assets, net of depreciation	223,766	122,048	345,814
Total noncurrent assets	269,489	122,048	391,537
Total assets	390,270	141,623	531,893
Liabilities			
Current liabilities:			
Accounts payable	-	391	391
Payroll taxes payable	991	-	991
Accrued Liabilities	-	-	-
Note payable	-	-	-
Total current liabilities	991	391	1,382
Noncurrent liabilities:			
Long - term debt, less current maturities	14,419	-	14,419
Total noncurrent liabilities	14,419	-	14,419
Total liabilities	15,410	391	15,801
Net Position			
Net investment in capital assets	255,070	122,048	377,118
Restricted - Capital Project	18,369	-	18,369
Unrestricted	101,421	19,183	120,604
Total net position	$ 374,860	$ 141,232	$ 516,092

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

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

	Program Revenues				Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Government activities:							
General and administrative	$ 119,936	$ 6,434	$ -	$ 6,357	$ (107,145)	$ -	$ (107,145)
Streets and sanitation	33,553	-	12,535	-	(21,018)	-	(21,018)
Recreation	17,945	22,710	-	-	4,765	-	4,765
Police	48,406	29,492	-	-	(18,914)	-	(18,914)
Fire	10,616	-	-	-	(10,616)	-	(10,616)
Total government activities	230,456	58,636	12,535	6,357	(152,928)	-	(152,928)
Business - type activities:							
Post Office	4,173	18,292	-	-	-	14,119	14,119
Water	21,925	29,328	-	-	-	7,403	7,403
Total business - type activities	26,098	47,620	-	-	-	21,522	21,522
Total	$ 256,554	$ 106,256	$ 12,535	$ 6,357	$ (152,928)	$ 21,522	$ (131,406)
			General Revenues:				
			Property Tax		7,972	-	7,972
			Sales tax		52,067	-	52,067
			Other taxes		47,018	-	47,018
			Interest income		273	7	280
			Miscellaneous		3,957	-	3,957
			Transfers		24,570	(24,570)	-
			Total general revenues and transfers		135,857	(24,563)	111,294
			Change in net assets		(17,071)	(3,041)	(20,112)
			Total net position - beginning		391,931	144,273	536,204
			Adjustment		-	-	-
			Total net position - ending		$ 374,860	$ 141,232	$ 516,092

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

CITY OF CHAUNCEY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General Fund	SPLOST Fund	TIA SPLOST Fund	Total Governmental
Assets:				
Cash and cash equivalents	$ 89,036	$ 12,271	$ 6,098	$ 107,405
Accounts receivable, net	13,236	-	-	13,236
Accrued Assets	140	-	-	140
Total Assets	$ 102,412	$ 12,271	$ 6,098	$ 120,781
Liabilities:				
Accounts payable	-	-	-	-
Payroll taxes payable	991	-	-	991
Deferred Revenue	6,544	-	-	6,544
Note Payable	14,419	-	-	14,419
Total Liabilities	21,955	-	-	21,955
Fund Balances:				
Fund balance:				
Restricted - Capital Project	-	12,271	6,098	18,369
Unassigned	80,457	-	-	80,457
Total Fund Balances	80,457	12,271	6,098	98,826
Total Liabilities & Fund Balances	$ 102,412	$ 12,271	$ 6,098	$ 120,781

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

CITY OF CHAUNCEY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2014

Differences in amounts reported for governmental activities in the Statement of Net Position on page 1:

Fund balances - total governmental funds	$ 98,826
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	6,545
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.	269,489
	$ 374,860

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

CITY OF CHAUNCEY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	SPLOST Fund	TIA SPLOST Fund	Total Governmental
Revenues:				
Taxes	$106,684	$ -	$ 3,853	$ 110,537
Licenses and permits	2,437	-	-	2,437
Recreation	22,710	-	-	22,710
Fines and forfeitures	29,492	-	-	29,492
Interest revenue	273	-	-	273
Rent	3,997	-	-	3,997
Intergovernmental	12,535	6,357	-	18,892
Miscellaneous	3,957	-	-	3,957
Total revenues	182,085	6,357	3,853	192,295
Expenditures:				
Current:				
General and administrative	119,025	-	-	119,025
Streets and sanitation	13,945	-	-	13,945
Recreation	17,685	-	-	17,685
Police	46,153	-	-	46,153
Fire	4,804	-	-	4,804
Capital Outlay	4,647	-	-	4,647
Total expenditures	206,259	-	-	206,259
Excess (deficiency) of revenues over expenditures	(24,174)	6,357	3,853	(13,964)
Other financing sources (uses):				
Transfers in (out), net	24,570	-	-	24,570
Total other financing sources (uses)	24,570	-	-	24,570
Net Change in fund balances	396	6,357	3,853	10,606
Fund balance, beginning	80,061	5,914	2,245	88,220
Adjustment	-	-	-	-
Fund balance, ending	$ 80,457	$ 12,271	$ 6,098	$ 98,826

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

CITY OF CHAUNCEY, 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 JUNE 30, 2014

Differences in amounts reported for governmental activities in the Statement of Activities on page 2 :

Net change in fund balances - total governmental funds	$ 10,606
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	(3,480)
Capital outlay, reported as expenditures in governmental funds is shown as capital assets in the Statement of Net Position.	4,647
Depreciation expense on governmental capital assets included in governmental activities in the Statement of Activities.	(28,844)
	$ (17,071)

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

CITY OF CHAUNCEY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 95,600	$ 95,600	$ 106,684	$ 11,084
Licenses and Permits	2,500	2,500	2,437	(63)
Recreation	16,000	16,000	22,710	6,710
Fines and forfeitures	20,000	20,000	29,492	9,492
Interest revenue	-	-	273	273
Rent	1,708	1,708	3,997	2,289
Intergovernmental	-	-	12,535	12,535
Miscellaneous	2,000	2,000	3,957	1,957
Total Revenues	137,808	137,808	182,085	44,277
Expenditures:				
Current:				
General and administrative	88,100	88,100	119,025	(30,925)
Streets and sanitation	35,500	35,500	13,945	21,555
Recreation	12,000	12,000	17,685	(5,685)
Police	39,500	39,500	46,153	(6,653)
Fire	5,000	5,000	4,804	196
Capital Outlay	-	-	4,647	(4,647)
Total Expenditures	180,100	180,100	206,259	(26,159)
Excess (deficiency) of revenues over expenditures	(42,292)	(42,292)	(24,174)	18,118
Other financing sources (uses):				
Grants	-	-	-	-
Interfund transfers in (out), net	43,792	43,792	24,570	(19,222)
Total other financing sources (uses)	43,792	43,792	24,570	(19,222)
Net change in fund balances	1,500	1,500	396	(1,104)
Fund balance, beginning	80,061	80,061	80,061	-
Adjustment	-	-	-	-
Fund balance, ending	$ 81,561	$ 81,561	$ 80,457	$ (1,104)

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

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

ASSETS

	Business - type Activities Enterprise Funds		
	Post Office	Water	Total
Current Assets:			
Cash	$ -	$ 15,026	$ 15,026
Accounts receivable, net	-	3,024	3,024
Rent receivable	1,524	-	1,524
Total Current Assets	1,524	18,050	19,574
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	94,770	27,278	122,048
Total Noncurrent Assets	94,770	27,278	122,048
Total Assets	$ 96,295	$ 45,328	$ 141,623

LIABILITIES

Current Liabilities:			
Accounts Payable	$ -	$ 391	$ 391
Total Current Liabilities	-	391	391
Total Liabilities	-	391	391

NET POSITION

Investment in capital assets	94,770	27,278	122,048
Unrestricted	1,524	17,659	19,183
Total Net Position	$ 96,295	$ 44,937	$ 141,232

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

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

	Business - type Activities Enterprise Funds		
	Post Office	Water	Total
Operating Revenue:			
Charges for service - customers	-	29,328	29,328
Rental income	18,292	-	18,292
Total Operating Revenue	18,292	29,328	- 47,620
Operating Expenses:			
Licenses & Permits	-	200	200
Repairs & maintenance	-	3,632	3,632
Supplies	-	2,435	2,435
Utilities	-	9,205	9,205
Depreciation	4,173	1,066	5,239
Professional fees	-	1,052	1,052
Labor	-	4,200	4,200
Miscellaneous	-	135	135
Total Operating Expenses	4,173	21,925	- 26,098
Operating Income (Loss)	14,119	7,403	- 21,522
Nonoperating Revenues (Expenses):			
Interest income	-	7	7
Interest expense	-	-	-
Total Nonoperating Revenues (Expenses)	-	7	- 7
Income (loss) before interfund transfers	14,119	7,410	21,529
Interfund transfers in (out), net	(19,816)	(4,754)	(24,570)
Change in net assets	(5,697)	2,656	- (3,041)
Total net position, beginning	101,992	42,281	144,273
Total net position, ending	$ 96,295	$ 44,937	- $ 141,232

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

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

	Business - Type Activities Enterprise Funds		
	Post Office	Water	Total
Cash flows from operating activities:			
Cash received from customers & lessor	$ 19,817	$ 28,598	$ 48,415
Cash payments to suppliers for goods and services	-	(20,927)	(20,927)
Net cash provided (used) by operating activities	19,817	7,671	27,488
Cash flows from non-capital financing activities:			
Transfers in (out)	(19,817)	(4,754)	(24,571)
Net cash provided (used) by non-capital financing activities	(19,817)	(4,754)	(24,571)
Cash flows from capital and related financing activities:			
Proceeds from long - term debt	-	-	-
Acquistion and construction of capital assets	-	-	-
Principal paid on long - term debt	-	-	-
Interest paid on long - term debt	-	-	-
Net cash used by capital and related financing activities	-	-	-
Cash Flows From Investing Activities:			
Interest received	-	7	-
Net cash provided (used) by investing activities	-	7	-
Net increase (decrease) in cash and cash equivalents	-	2,924	2,917
Cash and cash equivalents, beginning	-	12,102	12,102
Cash and cash equivalents, ending	$ -	$ 15,026	$ 15,026
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ 14,119	$ 7,403	$ 21,522
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	4,173	1,066	5,239
(Increase) decrease in accounts receivable	1,525	(730)	795
Increase (decrease) in accounts paybale	-	(68)	(68)
Net cash provided by operating activities	$ 19,817	$ 7,671	$ 27,488

Non - cash investing, capital, and financing activities:
There were no significant non - cash investing, capital and financing activities during the reported period.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Chauncey, Georgia have been prepared with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

I. Reporting Entity

Chauncey operates under a Mayor-Council form of government and provides services as authorized by its Charter. The financial reporting entity has been determined by management in accordance with generally accepted accounting principles to be the primary government, organizations for which the primary government is financially accountable and organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units. The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and affectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the City's primary government has no component units.

Joint Venture

Under Georgia law, the City is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay dues thereto. The RC is located in Eastman and currently serves a 17 county central Georgia area. During the year ended June 30, 2013 the City paid $ 342 in dues to the RC. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
501 Oak Street
Eastman, GA 31023

II. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 takes effect for entities the size of the City during the fiscal year ending June 30, 2004. One of the changes required by GASB 34 is the presentation of current and accumulated depreciation by activity. Another important change is the requirement to present original adopted budget as well as the final amended budget in the budgetary comparison statements.

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net assets) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is accountable.

The statement of revenue of activities demonstrates the degree to which direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead of general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type activities for the Government. Fiduciary activities of the City are not included in these statements.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately form business-type activities, which rely to a significant extent on fees and charges for support.

In accordance with Statement of Accounting Standards No. 20, "Accounting and Financial reporting For Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected to apply Governmental Accounting Standards Board (GASB) pronouncements as well as following pronouncements issued on or before November 30, 1989 to business type activities and to enterprise funds of the primary government unless those pronouncements are inconsistent with GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB).

Governmental Fund Statements Financial

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements and Permanent funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current

assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines are not susceptible to accrual because generally they are not measurable until received in cash. The City considers taxes as available in the period for which they were levied if they are collected within 60 days after year end.

The City reports the following major governmental funds:

General Fund – is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

SPLOST Capital Project Fund – is the fund used to account for revenues and expenditures of Special Purpose Local Option Sales Tax.

TIA SPLOST Capital Project Fund – is the fund used to account for revenues and expenditures of TIA tax.

The City reports the following major proprietary funds:

Post Office Fund – is the fund used to account for the operating lease activities, including, but not limited to, administration, collection, and maintenance of the building leased to the United States Postal Service.

Water Fund - is the fund used to account for the operation of water services to the residents of the City.

Budgets

The Mayor and City Council adopt an annual budget for the General Fund and Enterprise Funds. The annual budget is the financial plan for the operation of the City of Chauncey, Georgia for the ensuing annual period. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. The budget may be revised or changed during the year with the approval of the Mayor and City Council. Budgetary amounts are not formally integrated into fund general ledgers, and all annual appropriations lapse at year-end.

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City. Accordingly, encumbrances outstanding at year end are not reported as reservations of fund balances nor do they

constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting.

Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Services, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Inventories

The costs of inventory items are recorded as expenditures when acquired and are not inventoried at year-end since such amounts are not considered material.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City's policy has set the capitalization threshold for reporting capital assets. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Compensated Absences

It is the City's policy that all unused vacation and sick leave lapses at year end. A liability is not reported for unpaid vacation and sick leave which does not vest and is not paid upon termination.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Fund Equity

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

Fund Balance

Fund Balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment. Fund balances are classified as follows:

Nonspendable: Fund balances are reported as nonspendable when amounts 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 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 specified purposes pursuant to constraints by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or reverse the limitation. Only the Council may modify or rescind the commitment.

Assigned: Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Council has authorized the City's Mayor to assign fund balances. The Council may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. Positive unassigned fund balance may

be reported only when in the general Fund. Negative unassigned fund balances may be reported in all governmental funds.

Net Position

Net position represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net positions is reported as restricted using the same definition as used for restricted fund balances as described in the section above. The residual amount of equity not classified as net investment in capital assets or net position restricted is reported as net position unrestricted.

Flow assumptions – Fund Balance

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumptions must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Flow Assumptions – Net Position

Sometimes the government will fund outlays for a particular purpose from both restricted 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 positions applied.

Operating Revenues and Expenses

Operating revenues are those revenues that are directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for post office and water programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each program. Nonoperating expenses reported in the post office fund is interest expense incurred by the fund in relation to the note payable discussed in Note F.

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

NOTE B – LEGAL COMPLIANCE-BUDGETS

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

Prior To July 1, the Mayor submits to Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is formally adopted by Council.

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

Budgeted amounts are as originally adopted by Council. There were no amendments to the budget during the fiscal year.

	Budget	Actual	Excess
General Fund:			
General and Administration	$88,100	$123,673	$35,573
Recreation	12,000	17,685	5,685
Police	39,500	46,153	6,653
Post Office Fund	-	4,173	4,173
Water Fund	17,500	21,925	4,425

NOTE C - DEPOSITS

At year end, the reported amount of the City's deposits was $122,431. The bank balance was $125,602.

It is the City's policy to include only cash and certificates of deposit as cash and cash equivalents. The city maintains its cash accounts in a local commercial bank. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. A summary of the deposits and their associated level of risk assumed by the City follows:

Category 1: Insured or collateralized with securities held by the City or its agent in the City's name.	$122,431
Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.	--
Category 3: Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.	--
Total Deposits	$122,431

NOTE D – RECEIVABLES

Receivables as of June 30, 2014 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	Receivable	Allowance	Net
General Fund:			
Property tax	$ 8,196	$ -	$ 8,196
Sales tax	4,240	-	4,240
Rent	800	-	800
Total	13,236	-	13,236
Post Office Fund:			
Rent	1,524	-	1,524
Water Fund:			
Customer fees	3,024	-	3,024
Total	17,784	-	17,784

Property taxes were levied on August 14 for the calendar year on assessed property values as of January 1. Tax bills are normally mailed on or about September 26, and the bills are considered due upon receipt by taxpayer; however, the legal due date is sixty days after receipt of the bill or December 20, whichever date occurs later. After the due date passes, the bill becomes delinquent. Dodge County bills and the City of Chauncey collects its own property taxes. City tax revenues are recognized when levied.

NOTE E – PROPERTY, PLANT AND EQUIPMENT

The following is a summary of capital asset activity at June 30, 2014 follows:

Capital assets, not being depreicated:				
Land	$ 45,723	$ -	$ -	$ 45,723
Capital assets, being depreciated:				
Equipment	78,867	4,647	-	83,514
Improvements	386,571	-	-	386,571
Buildings	104,000	-	-	104,000
Total capital being depreciated:	569,438	4,647	-	574,085
Less accumulated depreciation for:				
Equipment	41,927	9,515	-	51,442
Improvements	175,548	19,329	-	194,877
Buildings	104,000	-	-	104,000
Total accumulated depreciation	321,475	28,844	-	350,319
Total capital assets, net of depreciation	247,963	(24,197)	-	223,766
Assets, net	$ 293,686	$ (24,197)	$ -	$ 269,489

The City adopted a capitalization threshold of $5,000 for general capital assets effective for the current year.

A summary of business-type capital asset activity at June 30, 2014 follows:

Business-type Activities:	Balance June 30, 2013	Increase	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Building & improvements	$ 155,733	$ -	$ -	$ 155,733
Well	42,648	-	-	42,648
Water system	91,196	-	-	91,196
Total capital assets being depreciated	289,577	-	-	289,577
Less accumulated depreciation for :				
Building & improvements	56,790	4,173	-	60,963
Well	14,303	1,066	-	15,369
Water System	91,197	-	-	91,197
Total accumulated deprecialtion	162,290	5,239	-	167,529
Total capital assets, net of depreciation	$ 127,287	$ (5,239)	$ -	$ 122,048

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line depreciation method. Depreciation has been calculated on the capital assets using the following useful lives:

Equipment	5-7 Years
Improvements	10-15 Years
Building	40 Years
Wells	40 Years
Water distribution system	40 Years

Depreciation expense was charged to function/programs of the City as follows:

Governmental activities:	
General & Administrative	$ 911
Streets and sanitation	19,608
Recreation	260
Police	2,253
Fire	5,812
Total Depreciation Expense-Governmental Activities	$ 28,844
Business-type activities:	
Post Office	$ 4,173
Water	1,066
Total Depreciation Expense-Business-type Activities	$ 5,239

NOTE F – NOTE PAYABLE

Short term principal balance outstanding is reflected in the General Fund for money borrowed from the Bank of Eastman in order to purchase a fire truck. The original amount of the loan was $27,060. The outstanding principal balance, which was reported in the General Fund, is $14,419 at June 30, 2014. One of the City's certificates of deposit are pledged as collateral. The loan is due in a lump sum on December 18, 2015, interest rate is 3.25%. The City paid $902 in interest during the current fiscal year.

The annual debt service requirements to maturity of the City's Notes Payable outstanding as of June 30, 2014 are as follows:

	Notes Payable		
Year Ending June 30	Principal	Interest	Total
2015	$ --	$ --	$ ---
2016	$14,419	$ 469	$14,888

Changes in Long-Term Obligations:

	Beginning Balance	Additions	Payments	Ending Balance
Notes Payable	$ 21,022	$ -	$ 6,603	$ 14,419

NOTE G – INTERFUND TRANSFERS

Transfers: Interfund transfers for the year ended June 30, 2014 were as follows:

Fund	Transfers In	Transfers Out
General Fund	$ 24,570	$ -
Post Office Fund	-	19,816
Water Fund	-	4,754
Total	$ 24,570	24,570

Transfers are unrestricted revenues collected in the water and post office funds used to finance other programs in the general fund in accordance with budgetary authorizations.

NOTE H – CONTINGENT LIABILITIES

Litigation

There are no material pending or threatened litigation at June 30, 2014.

Grant Programs

The City participates in a state grant program, which is governed by the rules and regulations of the grantor agency. Costs charged to the respective grant program are subject to audit and adjustment by the grantor agency; therefore, to extent that the City has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collect ability of any related receivable on June 30, 2014 may be impaired. In the opinion of the City there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE I – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage (not self-insured) is carried in order to minimize exposure to such losses.

NOTE J – COMMITMENTS

The City leases the Post Office building under a noncancellable operating lease to the U.S. Postal Service. The lease may be renewed at the option of the Postal Service, for the following separate and consecutive terms and at the following annual rentals:

Renewal Option	Term No. of Years	Per Annum Rental
1	5	$12,032
2	5	12,032

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF CHAUNCEY, GEORGIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Assets:	
Cash and cash equivalents	$ 89,036
Accounts receivable, net	13,236
Accrued Assets	140
Total Assets	$ 102,412

LIABILITIES

Liabilities:	
Payroll taxes payable	$ 991
Accrued Liabilities	-
Deferred Revenue	6,544
Note Payable	14,419
Total Liabilities	21,955

FUND BALANCE

Fund Balances:	
Fund balance:	
Unassigned	80,457
Total Fund Balances	80,457
Total Liabilities & Fund Balances	$ 102,412

CITY OF CHAUNCEY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET COMPARED TO ACTUAL
YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 95,600	$ 106,684	$ 11,084
Licenses and Permits	2,500	2,437	(63)
Recreation	16,000	22,710	6,710
Fines and Forfeitures	20,000	29,492	9,492
Interest revenue	-	273	273
Intergovernmental	-	12,535	12,535
Rent	1,708	3,997	2,289
Miscellaneous	2,000	3,957	1,957
Total Revenues	137,808	182,085	44,277
Expenditures:			
Current:			
General & administrative	88,100	119,026	(30,926)
Streets and sanitation	35,500	13,945	21,555
Recreation	12,000	17,685	(5,685)
Police	39,500	46,153	(6,653)
Fire	5,000	4,804	196
Capital outlay	-	4,647	(4,647)
Total Expenditures	180,100	206,260	(26,160)
Excess (deficiency) of revenues over expenditures	(42,292)	(24,175)	18,117
Other financing sources (uses):			
Transfers in (out), net	43,792	24,571	(19,221)
Total other financing sources (uses)	43,792	24,571	(19,221)
Net Change in fund balances	1,500	396	(1,104)
Fund Balance, Beginning	80,061	80,061	-
Adjustment	-	-	-
Fund Balance, Ending	$ 81,561	$ 80,457	$ (1,104)

CITY OF CHAUNCEY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES BY SOURCE
YEAR ENDED JUNE 30, 2014

Taxes	
Local option sales tax	$ 48,214
Insurance premium tax	17,642
Franchise tax	19,656
Advalorem tax	11,452
Beverage tax	4,767
Other taxes	4,954
Total taxes	106,684
Licenses & Permits	2,437
Recreation	22,710
Fines & Forfeitures	29,492
Interest Revenue	273
Rent	3,997
Intergovernmental	12,535
Miscellaneous	3,957
Total Revenues	$ 182,085

CITY OF CHAUNCEY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
YEAR ENDED JUNE 30, 2014

General and administrative:	
Salaries	$ 35,657
Mayor & Council fees	2,066
Payroll taxes	3,108
Travel	1,981
Elections	-
Office supplies & postage	2,069
Insurance	14,402
Professional fees	5,230
Dues & subscriptions	3,189
Supplies	7,641
Utilities	2,848
Telephone & communications	3,080
Repairs & maintenance	8,558
Training	1,207
Vehicle Expense	1,948
Advertising	453
Gas	2,814
Interest	902
Contracted services	15,849
Other	416
Total General & Administrative	113,420
Streets & Sanitation:	
Street lights	13,945
Total Streets & Sanitation	13,945

(continued on following page)

CITY OF CHAUNCEY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
YEAR ENDED JUNE 30, 2014

(continued from previous page)

Recreation:	
Recreation	23,290
Total Recreation	23,290
Police:	
Salaries	26,110
Payroll taxes	2,037
Gas	3,605
Training & travel	1,583
Supplies	2,810
Repairs & Maint.	1,323
Traffic	8,685
Total Police	46,153
Fire:	
Fire Chief	600
Other	4,205
Total Fire	4,805
Capital outlay	-
Total Expenditures	$ 201,614

CAPITAL PROJECT FUND

SPLOST Fund -

To account for revenues and expenditures of Special Purpose Local Option Sales Tax Fund.

TIA SPLOST Fund –

To account for revenues and expenditures of TIA SPLOST Fund.

CITY OF CHAUNCEY, GEORGIA
SPLOST FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Assets:	
Cash and cash equivalents	$ 12,271
Accounts receivable, net	-
Accrued Assets	-
Total Assets	$ 12,271

LIABILITIES

Liabilities:	
Accounts payable	$ -
Total Liabilities	-

FUND BALANCE

Fund Balances:	
Fund balance:	
Restricted - Capital Project	12,271
Total Fund Balances	12,271
Total Liabilities & Fund Balances	$ 12,271

CITY OF CHAUNCEY, GEORGIA
SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET COMPARED TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Prior Years	Current Year	Total To Date
Revenues:				
Taxes-SPLOST	$ 30,000	$ 13,981	$ 6,357	20,338
Total Revenues	30,000	13,981	6,357	20,338
Expenditures:				
Capital Outlay	30,000	8,025	-	8,025
Total expenditures	30,000	8,025	-	8,025
Excess (Deficiency) Of Revenues Over (Under) Expenditures	-	5,956	6,357	12,313
Other financing uses:				
Transfers in	-	-	-	-
Net change in fund balances			6,357	
Fund balances - beginning			5,914	
Fund balances - ending			$ 12,271	

CITY OF CHAUNCEY, GEORGIA
TIA SPLOST FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Assets:	
Cash and cash equivalents	$ 6,098
Accounts receivable, net	-
Accrued Assets	-
Total Assets	$ 6,098

LIABILITIES

Liabilities:	
Accounts payable	$ -
Total Liabilities	-

FUND BALANCE

Fund Balances:	
Fund balance:	
Restricted - Capital Project	6,098
Total Fund Balances	6,098
Total Liabilities & Fund Balances	$ 6,098

CITY OF CHAUNCEY, GEORGIA
TIA SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET COMPARED TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Prior Years	Current Year	Total To Date
Revenues:				
Taxes-TIA SPLOST	$ -	$ 2,245	$ 3,853	6,098
Total Revenues	-	2,245	3,853	6,098
Expenditures:				
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (Deficiency) Of Revenues Over (Under) Expenditures	-	2,245	3,853	6,098
Other financing uses:				
Transfers in			-	
Net change in fund balances			3,853	
Fund balances - beginning			2,245	
Fund balances - ending			$ 6,098	

PROPRIETARY FUNDS

Post Office Fund –

The City has entered into an operating lease with the United States Postal Service for use of a building that the City built to be used as the local Post Office. This fund is used to account for the operating lease activities, including, but not limited to, administration, collection and maintenance.

Water Fund –

To account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection.

CITY OF CHAUNCEY, GEORGIA
POST OFFICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:	
Rent receivable	$ 1,524
Total Current Assets	1,524
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	94,770
Total Noncurrent Assets	98,943
Total Assets	$ 96,295

LIABILITIES

Current Liabilities:	
Account payable	$ -
Current maturities of long - term debt	-
Total Current Liabilities	-
Noncurrent Liabilities:	
Long - term debt, less current maturities	-
Total noncurrent Liabilities	-
Total Liabilities	-

NET POSITION

Investment in capital assets	94,770
Unrestricted	1,524
Total Net Position	$ 96,295

CITY OF CHAUNCEY, GEORGIA
POST OFFICE ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
BUDGET COMPARED TO ACTUAL
YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
Operating Revenue:			
Rent	$ 18,292	$ 18,292	$ -
Total Operating Revenue	18,292	18,292	-
Operating Expenses:			
Repairs & maintenance	-	-	-
Depreciation	-	4,173	(4,173)
Total Operating Expense	-	4,173	(4,173)
Operating Income (Loss)	18,292	14,119	(4,173)
Nonoperating Revenues (Expenses):			
Interest expense	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-
Income (loss) before interfund transfers	18,292	14,119	(4,173)
Interfund transfers in (out), net	(18,292)	(19,816)	-
Change in net assets	-	(5,697)	(4,173)
Total net position, beginning	-	101,992	101,992
Total net position, ending	$ -	$ 96,295	$ 96,295

CITY OF CHAUNCEY, GEORGIA
WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:	
Cash	$ 15,026
Accounts receivables, net	3,024
Total Current Assets	18,050
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	27,278
Total Noncurrent Assets	27,278
Total Assets	$ 45,328

LIABILITIES

Current Liabilities:	
Accounts Payable	$ 391
Total Current Liabilities	391
Total Liabilities	391

NET POSITION

Investment in capital assets	27,278
Unrestricted	17,659
Total Net Position	$ 44,937

CITY OF CHAUNCEY, GEORGIA
WATER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
BUDGET COMPARED TO ACTUAL
YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
Operating Revenue:			
Charges for service - customers	$ 22,000	$ 29,328	$ 7,328
Total Operating Revenue	22,000	29,328	7,328
Operating Expenses:			
Licenses & permits	-	200	(200)
Repairs & maintenance	4,000	3,632	368
Supplies	2,000	2,157	(157)
Postage	300	278	22
Utilities	7,000	9,205	(2,205)
Depreciation	-	1,066	(1,066)
Professional fees	-	1,052	(1,052)
Labor	4,200	4,200	-
Payroll Tax	-	135	(135)
Total Operating Expenses	17,500	21,925	(4,425)
Operating Income (Loss)	4,500	7,403	2,903
Nonoperating Revenues (Expenses)			
Interest revenue	-	7	7
Total Nonoperating Revenues (Expenses)	-	7	7
Income (loss) before interfund transfers	4,500	7,410	2,910
Interfund transfers in (out), net	(4,500)	(4,754)	(254)
Change in net position	-	2,656	2,656
Total net position, beginning	36,110	42,281	-
Total net position, ending	$ 36,110	$ 44,937	$ 2,656

COMPLIANCE SECTION

CITY OF CHAUNCEY
SPECIAL-PURPOSE LOCAL OPTION SALES TAX 2003
SCHEDULE OF EXPENDITURES
(Construction and Other Projects)
Year ended June 30, 2014

Project Decription	(Unaudited) Original/ Latest Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditure	Total Cumulative Expenditures	(Unaudited) Estimated Percentage of Completion
Recreational facilities, roads and street improvements	$ 25,000	$ 25,000	$ -	$ 25,000	100.00%

CITY OF CHAUNCEY, GEORGIA
SPECIAL-PURPOSE LOCAL OPTION SALES TAX 2008
SCHEDULE OF EXPENDITURES
(CONSTRUCTION AND OTHER PROJECTS)
YEAR ENDED JUNE 30, 2014

Project Decription	(Unaudited) Original/ Latest Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditure	Total Cumulative Expenditures	(Unaudited) Estimated Percentage of Completion
Streets and street improvements and recreational facilities and equipment	$ 30,000	$ 8,025	$ -	$ 8,025	26.75%

H. FRANK ERWIN, JR., P.C.
CERTIFIED PUBLIC ACCOUNTANT

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MEMBER
Georgia Society of
Certified Public Accountants

MEMBER
American Institute of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and Members of City Council
City of Chauncey, Georgia

I have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about City of Chauncey's compliance during the fiscal year ended June 30, 2014 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for the following grant award:

Special Project Local Assistance Grant (08-C-L-145)

Management is responsible for City of Chauncey's compliance with this requirement. My responsibility is to express an opinion on management's assertion about City of Chauncey's compliance based on my examination.

My examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about City of Chauncey's compliance with this requirement and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on City of Chauncey's compliance with the specified requirement.

In my opinion, management's assertion that City of Chauncey complied with the aforementioned requirement for the fiscal year ended June 30, 2014 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Georgia Department of Audits and Accounts and the State grantor agency identified on the Grant Certification Form and is not intended to be and should not be used by anyone other than the specified parties.

H. Frank Erwin, Jr., P.C.

Eastman, Georgia
May 13, 2015

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	City of Chauncey, Georgia
B	State Awarding Agency	Department of Community Affiars
C	Grant Identification Number	08-C-L-145
D	Grant Title	Special Project Local Assistance Grant
E	Grant Award Date	08/14/07
F	Grant Amount	$7,000.00

		COLUMN 1 Current Year Activity	COLUMN 2 Cumulative Grant Activity
		For the Year Ended:	Through the Year Ended:
G		June 30, 2014	June 30, 2014
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$1,036.00	
I	Grant Receipts or Revenue Recognized	$0.00	$7,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$5,964.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$1,036.00	$1,036.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line L equals Column 2, Line L.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date Is Provided in Line G, Column 1.
Date Is Provided in Line G, Column 2.
Year End Dates On Line G Agree.
Column 1, Line L Foots Correctly.
Column 2, Line L Foots Correctly.
Audit Fee is Within 2% Limit ($250 max).

Line A Is Completed.
Line B Is Completed.
Line C Is Completed.
Line D Is Completed.
Line E Is Completed.
Line F Is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official Nellie Battle Date 5-12-15

Signature of Chief Financial Officer Carrie Carr Date 5-12-15

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

To the City Council
City of Chauncey, Georgia

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chauncey, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Chauncey, Georgia's basic financial statements and have issued my report thereon dated May 13, 2015.

Internal Control Over Financial Reporting

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

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

My 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 a material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of finding and questioned costs that I consider to be significant deficiencies as item 14-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Chauncey, Georgia's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations,

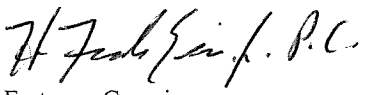
contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Chauncey's Response to Findings

City of Chauncey's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. City of Chauncey's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Eastman, Georgia
May 13, 2015

CITY OF CHAUNCEY, GEORGIA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS

(i) The auditor's report expresses an unmodified opinion on the financial statements of the City of Chauncey, Georgia.

(ii) One control deficiency disclosed during the audit of the financial statements is reported in the 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.* The condition is a significant deficiency.

(iii) No instances of noncompliance material to the financial statements of the City of Chauncey, Georgia were disclosed during the audit.

2. FINDINGS - FINANCAL STATEMENTS AUDIT

14-1 Segregation of Duties

Condition: Due to the limited number of personnel, overlapping of duties exists in the City's operations, primarily in the areas of cash receipts and disbursements. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.

Recommendation: I recommend that management and the City Council continually exercise alert supervision of employees in order to protect the assets of the City. I further recommend the City implement an internal audit review to be preformed on a quarterly basis. This internal audit would serve to further mitigate the lack of segregation of duties.

Views of Responsible Officials And Planned Corrective Action: The City Council will continue to demonstrate alert supervision in regards to the City's financial affairs.

3. PRIOR YEAR FINDINGS

Control Deficiencies

The Current year control deficiency 14-1 was a control deficiency in the prior year.

Prior Year Noncompliance Instances

The City had no prior year instances of noncompliance reported.