CITY OF CRAWFORDVILLE, GEORGIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

CITY OF CRAWFORDVILLE, GEORGIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP, PFS
Rep E. Whiddon, CPA, CVA

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Crawfordville, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Crawfordville, 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.

Auditors' 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 of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 assessing the accounting principles 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, and each major fund of the City of Crawfordville, Georgia as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 Statement of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) to Actual on pages 4-8 and 43 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 text. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2015, on our consideration of the City of Crawfordville, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
April 1, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Crawfordville

This institution is an equal opportunity provider and employer.

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COUNCIL MEMBERS:
Valeria Bowman
Bobby Chapman
Josephine Chapman
Vivian Stewart

CITY CLERK & TREASURER
Brenda Vandiver

As management of the City of Crawfordville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

Financial Highlights

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Crawfordville'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 *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Crawfordville is improving or deteriorating.

The *statement of activities* follows the *statement of net assets* and presents information showing the changes in the net assets during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as accounts payable, will produce changes in cash in a future fiscal period.

The *notes* provide additional detail concerning the financial activities and financial balances of Crawfordville, Georgia. Additional information about Crawfordville's accounting practices and investments are some of the items included in the *notes*. .

The City of Crawfordville is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascrusda.qovicomplaint filing cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at *program.intake@usda.gov*.

Both of the government-wide financial statements distinguish functions of the City of Crawfordville that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the City of Crawfordville include general government, public safety, health and welfare, public works, and culture and recreation. The business-type activities of the City of Crawfordville include a water distribution system, sewer and solid waste collection

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Crawfordville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Crawfordville can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

The City of Crawfordville maintains one governmental fund, referred to as the General Fund. The General Fund is a major fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances.

The City of Crawfordville maintains one proprietary fund. Proprietary funds report, in great detail, the same information presented as business-type activities in the government-wide financial statements for the Enterprise Fund, governing utilities. The Enterprise Fund is a major fund.

The City of Crawfordville adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

The largest portion of the City's net assets reflects its cash position at the end of the year, and the value of its water and sewer system. The cash position is generally highest at year-end, because of December tax receipts. The assets of the utilities are capital assets used to provide services to citizens, and hence not available for future spending.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Crawfordville, assets exceeded liabilities by $4,257,584 at the close of fiscal year 2013 and assets exceeded liabilities by $4,130,837 at the close of the most recent fiscal year.

The General Fund is the chief operating fund of the City of Crawfordville. At the end of fiscal year 2013, unreserved, undesignated fund balance of the General Fund was $222,194. At the end of the most recent fiscal year, unreserved, undesignated fund balance of the General Fund was $267,720, which was also the total fund balance. The fund balance increased by $ 45,076 from year-end 2013.

General Fund Budgetary Highlights

The bond covenants for the City's revenue bonds require the City to establish a Reserve Fund; i.e. a bond sinking fund. This Reserve Fund is to be funded by the City depositing monthly an amount equal to one-tenth of the monthly bond payment ($200.30). At the end of ten years, the Reserve Fund would be fully funded and City payments to it would cease. In 2006, the City elected to fully fund the Reserve Fund from currently available reserves. This decision prevents the $200.30 monthly cost from having to be passed on to our customers.

Capital Asset and Debt Administration

The City General Fund has no long-term debt. The City Enterprise Fund has 40-year Sewer Revenue Bonds in the amount of $404,537 in 2014. The City began the year with two outstanding long-term water system improvement loans from Georgia Environmental Finance Authority (GEFA), which amounted to $167,302 and $85,609, respectively, at the end of 2014.

Major Expenditures This Year

As part of the transition from a wastewater pond to a wastewater treatment plant, the City of Crawfordville was required to remove environmental hazards relating to the abandoned pond. Prior to 2014, all sludge previously deposited in the pond was removed and properly disposed of. The final step in closing this pond required that its bottom be encapsulated with a layer of soil. The contract for this project was awarded in 2013 and work was completed in 2014, at a cost of $49,105.

Anticipated Expenditures in Future Years

A section of a city street was badly damaged, in 2007, by heavily loaded trucks. When the city attempted to repair the street, in 2008, it was discovered that the base of the roadway was unstable and needed to be replaced. Using the limited local funds available, the city stabilized the base and provided a mostly unpaved street to serve the area. The city has set aside funds from the Local Maintenance & Improvement Grant Program (LMIG) and the local share of TSPLOST to fund the reconstruction of this section of street. These saved funds supplemented with local funds will be used to reconstruct this street, in 2015.

Direct Concerns or Questions to:
J. H. Milner
Mayor
City of Crawfordville
P. O. Box 8
Crawfordville, GA 30631
Telephone: (706) 456-2605

City of Crawfordville Net Assets
December 31, 2014

	Governmental Activities	Business-type Activities	Total
	2014	2014	2014
Current Assets	$ 309,521	$ 167,901	$ 477,422
Capital Assets	459,554	3,922,730	4,382,284
Total Assets	769,075	4,090,631	4,859,706
Liabilities (All Current)	42,251	686,618	728,869
Net Assets	$ 726,824	$ 3,404,013	$ 4,130,837

City of Crawfordville Net Assets
December 31, 2013

	Governmental Activities	Business-type Activities	Total
	2013	2013	2013
Current Assets	$ 261,012	$ 209,317	$ 470,329
Capital Assets	506,528	4,033,166	4,539,694
Total Assets	767,540	4,242,483	5,010,023
Liabilities (All Current)	38,818	713,621	752,439
Net Assets	$ 728,722	$ 3,528,862	$ 4,257,584

City of Crawfordville Revenues and Expenses - FY 2014

	Governmental Activities	Business-type Activities	Total
	2014	2014	2014
Revenues			
Program Revenues:			
Charges for services	$ 3,340	$ 225,415	$ 228,755
Operating grants and contributions	21,420	19,616	41,036
Capital grants and contributions	-	-	-
General Revenues:			-
Property taxes	106,185	-	106,185
Sales taxes	28,010	-	28,010
Franchise taxes	28,502	-	28,502
Penalty & delinquent taxes	23,956	-	23,956
Business and occupational taxes	43,907	-	43,907
Other charges	1,250	-	1,250
Interest income	517	848	1,365
Total Revenues	257,087	245,879	502,966
Expenses			
Government Activities			
General Government	144,085	-	144,085
Judicial	719	-	719
Public Safety	20,362	-	20,362
Culture and Recreation	9,000	-	9,000
Housing and Development	1,750	-	1,750
Public Works	28,105	-	28,105
Solid Waste Fund	-	43,911	43,911
Water and Sewer Fund	-	339,492	339,492
Total Expenses	204,021	383,403	587,424
Transfers	(7,990)	7,990	-
Change in Net Position	(1,898)	(129,534)	(131,432)
Net Position, Beginning of Year	728,722	3,533,547	4,262,269
Net Position, End of Year	$ 726,824	$ 3,404,013	$ 4,130,837

BASIC FINANCIAL STATEMENTS

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CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 148,783	$ 23,901	$ 172,684
Investments	52,356	90,208	142,564
Internal balance	1,482	(1,482)	-
Receivables			
Taxes	66,498	-	66,498
Customer accounts	-	38,936	38,936
Interest	698	-	698
Restricted assets:			
Cash	39,704	16,338	56,042
Capital assets not being depreciated	10,172	53,137	63,309
Capital assets, net of accumulated depreciation	449,382	3,869,593	4,318,975
Total assets	769,075	4,090,631	4,859,706
LIABILITIES			
Accounts payable	40,531	11,626	52,157
Accrued liabilities	1,720	1,206	2,926
Customer deposits	-	16,338	16,338
Noncurrent liabilities:			
Due within one year	-	33,852	33,852
Due in more than one year	-	623,596	623,596
Total liabilities	42,251	686,618	728,869
NET POSITION			
Invested in capital assets, net of related debt	459,554	3,265,282	3,724,836
Restricted for debt service	-	33,852	33,852
Restricted for TSPLOST	39,704	-	39,704
Restricted for customer deposits	-	16,338	16,338
Unrestricted	227,566	88,541	316,107
Total net position	$ 726,824	$ 3,404,013	$ 4,130,837

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 153,112	$ 3,340	$ -	$ -	$ (149,772)	$	$ (149,772)
Judicial	719	-	-	-	(719)		(719)
Public safety	20,362	-	-	-	(20,362)		(20,362)
Public works	66,052	-	-	-	(66,052)		(66,052)
Culture & recreation	9,000	-	-	-	(9,000)		(9,000)
Housing and development	1,750	-	-	-	(1,750)		(1,750)
Intergovernmental	-	-	21,420	-	21,420		21,420
Total governmental activities	250,995	3,340	21,420	-	(226,235)	-	(226,235)
Business-type activities:							
Solid waste fund	43,911	35,934	-	-	-	(7,977)	(7,977)
Water and sewer fund	339,492	189,481	19,616	-	-	(130,395)	(130,395)
Total business-type activities	383,403	225,415	19,616	-	-	(138,372)	(138,372)
Total primary government	$ 634,398	$ 228,755	$ 41,036	$ -	(226,235)	(138,372)	(364,607)
General revenues:							
Property taxes					106,185	-	106,185
Sales taxes					28,010	-	28,010
Franchise taxes					28,502	-	28,502
Penalty & delinquent taxes					23,956	-	23,956
Business and occupational taxes					43,907	-	43,907
Other					1,250	-	1,250
Unrestricted investment earnings					517	848	1,365
Total general revenues					232,327	848	233,175
Transfers					(7,990)	7,990	-
Change in net position					(1,898)	(129,534)	(131,432)
Net position, beginning of year					728,722	3,533,547	4,262,269
Net position, end of year					$ 726,824	$ 3,404,013	$ 4,130,837

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	T-SPLOST Fund	Total
ASSETS			
Cash and cash equivalents	$ 148,783	$ -	$ 148,783
Investments	52,356	-	52,356
Due from other funds	1,482	-	1,482
Property taxes receivable	66,498	-	66,498
Interest receivable	698	-	698
Restricted:			
Cash and cash equivalents	-	39,704	39,704
Total assets	$ 269,817	$ 39,704	$ 309,521
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 40,531	$ -	$ 40,531
Accrued liabilities	1,720	-	1,720
Total liabilities	42,251	-	42,251
Fund Balances			
Restricted	-	39,704	39,704
Unassigned	227,566	-	227,566
Total fund balances	227,566	39,704	267,270
Total liabilities and fund balances	$ 269,817	$ 39,704	$ 309,521

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

Total fund balances - governmental funds	$ 267,270
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	10,172
Buildings and improvements	225,675
Furniture, fixtures, and equipment	178,973
Infrastructure	495,158
Accumulated depreciation	(450,424)
Total capital assets	459,554
Net position of governmental activities	$ 726,824

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	T-SPLOST Fund	Total
REVENUES			
Taxes, property	$ 106,185	$ -	$ 106,185
Taxes, other than property	96,365	-	96,365
Intergovernmental	28,010	21,420	49,430
Licenses and permits	3,140	-	3,140
Fines and forfeitures	200	-	200
Interest income	517	-	517
Other	1,250	-	1,250
Total revenues	235,667	21,420	257,087
EXPENDITURES			
Current operating			
General government	144,085	-	144,085
Judicial	719	-	719
Public safety	20,362	-	20,362
Public works	28,105	-	28,105
Housing and development	1,750	-	1,750
Culture and recreation	9,000	-	9,000
Total expenditures	204,021	-	204,021
Excess of revenues over expenditures	31,646	21,420	53,066
OTHER FINANCING SOURCES (USES)			
Transfers out	(7,990)	-	(7,990)
Transfers in	-	-	-
Total other financing uses	(7,990)	-	(7,990)
CHANGE IN FUND BALANCE	23,656	21,420	45,076
FUND BALANCE, BEGINNING OF YEAR	203,910	18,284	222,194
FUND BALANCE, END OF YEAR	$ 227,566	$ 39,704	$ 267,270

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - governmental funds	$ 45,076
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts were:	
Depreciation expense	(46,974)
Change in net position of governmental activities	$ (1,898)

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Water and Sewer Fund	Solid Waste Fund	Total
ASSETS			
Current assets			
Cash	$ 23,901	$ -	$ 23,901
Investments	90,208	-	90,208
Accounts receivables	38,936	-	38,936
Net restricted cash	16,338	-	16,338
Total current assets	169,383	-	169,383
			-
Non-current assets			-
Capital assets	5,692,688	-	5,692,688
Less accumulated depreciation	(1,769,958)	-	(1,769,958)
Total capital assets (net of accumulated depreciation)	3,922,730	-	3,922,730
Total non-current assets	3,922,730	-	3,922,730
			-
Total assets	4,092,113	-	4,092,113
			-
LIABILITIES			-
Current liabilities			-
Accounts payable	11,626	-	11,626
Accrued liabilities	1,206	-	1,206
Customer deposits	16,338	-	16,338
Due to other funds	1,482	-	1,482
Long-term debt, current portion	33,852	-	33,852
Total current liabilities	64,504	-	64,504
			-
Non-current liabilities			-
GEFA loan 2002, non-current portion	21,636	-	21,636
GEFA subsidy, non-current portion	122,590	-	122,590
USDA loan, non-current portion	398,583	-	398,583
GEFA loan 2011, non-current portion	80,787	-	80,787
Total non-current liabilities	623,596	-	623,596
			-
Total liabilities	688,100	-	688,100
			-
NET POSITION			-
Invested in capital assets, net of related debt	3,265,282	-	3,265,282
Restricted for debt service	33,852	-	33,852
Restricted for customer deposits	16,338	-	16,338
Unrestricted	88,541	-	88,541
			-
Total net position	3,404,013	-	3,404,013
			-
Total liabilities and net position	$ 4,092,113	$ -	4,092,113

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water and Sewer Fund	Solid Waste Fund	Total
Operating revenues			
Charges for services	$ 189,481	$ 35,934	$ 225,415
Total operating revenues	189,481	35,934	225,415
Operating expenses			
Depreciation and amortization	159,541	-	159,541
Personnel services	34,455	-	34,455
Contracted services	27,179	-	27,179
Solid waste collection expense	-	43,172	43,172
Repairs and maintenance	53,823	-	53,823
Utilities	21,753	-	21,753
Supplies	12,485	-	12,485
Bad debts	4,271	752	5,023
Miscellaneous	7,628	-	7,628
Total operating expenses	321,135	43,924	365,059
Operating loss	(131,654)	(7,990)	(139,644)
Nonoperating revenues (expenses)			
GEFA subsidy	19,616	-	19,616
Interest income	848	-	848
Interest expense	(18,344)	-	(18,344)
Total nonoperating revenues (expenses)	2,120	-	2,120
Income before transfers	(129,534)	(7,990)	(137,524)
Transfers out	-	-	-
Transfers in	-	7,990	7,990
Total transfers	-	7,990	7,990
CHANGE IN NET POSITION	(129,534)	-	(129,534)
			-
NET POSITION, BEGINNING OF YEAR	3,533,547	-	3,533,547
NET POSITION, END OF YEAR	$ 3,404,013	$ -	$ 3,404,013

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water and Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities:			
Cash received from customers and users	$ 197,084	$ 36,118	$ 233,202
Cash paid to suppliers for goods and services	(119,914)	(44,108)	(164,022)
Cash paid to employees	(35,371)	-	(35,371)
Net cash provided by operating activities	41,799	(7,990)	33,809
Cash flows from noncapital and financing activities:			
Transfer to other funds	-	-	-
Transfer from other funds	-	7,990	7,990
Net cash used by noncapital and financing activities	-	7,990	7,990
Cash flows from capital and related financing activities:			
Grant proceeds	19,616	-	19,616
Payments to purchase capital assets	(49,105)	-	(49,105)
Principal payment of long-term debt	(29,677)	-	(29,677)
Interest paid on capital debt	(18,344)	-	(18,344)
Net cash used by capital and related financing activities	(77,510)	-	(77,510)
Cash flows from investing activity:			
Interest received	848	-	848
Net cash provided by investing activities	848	-	848
Net decrease in cash and cash equivalents	(34,863)	-	(34,863)
Cash and cash equivalents, beginning of year	75,102	-	75,102
Cash and cash equivalents, end of year	$ 40,239	$ -	$ 40,239

The notes to the financial statements are an integral part of this statement.

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Reconciliation of net income to net cash provided (used) by operating activities:			
Operating loss	$ (131,654)	$ (7,990)	$ (139,644)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	159,541	-	159,541
Accounts receivable	7,314	-	7,314
Accounts payable	3,917	-	3,917
Customer deposits	2,030	-	2,030
Bad debt	1,566	-	1,566
Due to other funds	(763)	-	(763)
Accrued liabilities	(152)	-	(152)
Net cash provided by operating activities	$ 41,799	$ (7,990)	$ 33,809

Non-cash transactions

During the year, the City amortized the forgivable portion of its GEFA Subsidy long term debt in the amount of $19,616.

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crawfordville, Georgia (the City) accounts for its financial position and results of operations in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

The City of Crawfordville has adopted GASB Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for the State and Local Governments*. This statement established financial reporting requirements for state and local governments within the United States. As a part of this statement, there is a reporting requirement regarding the local government infrastructure (roads, bridges, curbs, etc.). This requirement permits a Phase III government an option of reporting the government's infrastructure retroactively. The City of Crawfordville, which is a Phase III government, has opted not to report its infrastructure retroactively.

The Reporting Entity

The City operates under a City Council and Mayor form of government and provides the following services: public improvements and general and administrative services. In addition, the City operates water and sewer public utilities for the incorporated and surrounding areas. The City also operates garbage collection for the City area.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government (The City of Crawfordville) are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, no potential component units are included in the reporting entity.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The government-wide statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from activities during the fiscal year, whereas the fund financial statements focus is on the major funds. Non-major funds are summarized into a single column. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

In the government-wide Statement of Net Position, both the governmental and business-type activities column are presented on a consolidated basis by column. The activities are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both gross and net costs by functional category, which are being supported by general government revenues. The Statement of Activities reduces gross costs by related program revenues. Program revenues include (a) charges for services which encompass fees charged to external parties for the use of goods or services, (b) operating grants and contributions which are restricted to the operational requirements of a function or business-activity, (c) capital grants and contributions which are restricted to capital projects of a function or business-type activity. These program revenues are directly associated with the function (public safety, streets, and so forth) or a business-type activity in which it benefits. The net costs of the function or business-type activity are covered by general gross revenues which include taxes, interest and investment earnings.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City does not currently support an indirect cost allocation system. No administrative fee is charged by the General Fund to the other operating fund.

Under grant contract agreements, the City may use funds to support a specific program by the use of cost-reimbursement grants, block grants, and general revenues. As expenses for a specific program are incurred, the City may use both restricted and unrestricted assets. The City's policy is to use cost-reimbursement grant revenues first followed by the funds from block grants and general revenues.

The governmental fund's major fund statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement's governmental column, a reconciliation is presented following each statement. The reconciliation explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are consolidated into the governmental column of the government-wide presentation; however, the City of Crawfordville does not currently have any internal service funds.

Fiduciary funds are presented in the fund financial statements by type. These funds are not incorporated in the government-wide statements. The City of Crawfordville does not currently have any fiduciary funds. GASB Statement No. 34's focus is on the City as a whole and the fund financial statements of governmental and business-type activities, as well as the fiduciary funds. Each presentation provides valuable information which can be analyzed to enhance the usefulness of the information.

Basis of Presentation-Fund Accounting

The accounts of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

TSPLOST Fund – The TSPLOST Fund accounts for the monies received by the City for their participation in the Transportation Special Local Option Sales Tax (TSPLOST).

The City reports the following major enterprise funds:

Water and Sewer Fund – The fund accounts for the operations of the water and sewer system. The fund is financed and operated similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the City on a continuing basis be financed or recovered primarily through user charges.

Solid Waste Fund– The fund accounts for the operations of the garbage collection. The fund is financed and operated similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the City on a continuing basis be financed or recovered primarily through user charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting and Measurement Focus
Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets, referred to as the flow of current financial resources measurement focus. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are other financing sources.

Local option sales taxes and special purpose local option sales taxes are considered measurable when they become due and payable to the City from intermediary collecting governments and are recognized as revenue at that time.

Property taxes, business and occupation taxes, and investment earnings are recorded when earned, which is when they are both measurable and available. It is anticipated that taxes recognized as revenues will be collected soon enough after year end to pay current expenditures and liabilities, with such a period not exceeding sixty days, except under unusual circumstances. Intergovernmental revenues received but not earned are recorded as deferred revenues. Licenses, fines, penalties, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due. The City does not account for prepaid expenses or inventories, because of the small amounts of these items.

Government-wide and Proprietary Fund Financial Statements
The government-wide financial statements and the proprietary fund financial statements are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred, which is the flow of economic resources measurement focus.

Unbilled Water and Sewer Fund utility services receivable are recorded at year end. Debt incurred by the enterprise fund which is expected to be paid with the resources of that fund is reported in that fund as a liability.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and delivering goods in connection with the proprietary funds on-going operations. Operating revenues include charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and the Budgetary Process
An annual balanced budget is legally adopted for the General Fund. The City utilizes the following procedures in establishing the budgetary information reflected in the financial statements:

Prior to November 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain taxpayer comments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prior to November 1, the budget is legally enacted through passage of an ordinance. The departmental budgets are established as the legal level of budgetary control at which any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Budget amendments are adopted at the regular City Council meetings during the budget year.

The General Fund annual budget is legally adopted on the modified accrual basis, and differs from generally accepted accounting principles in its classification and order in which line item expenditures are presented. Formal budgetary integration is employed as a management control device during the year for the General Fund. Under Georgia law, appropriations lapse at year end.

The City prepares an annual flexible budget for the Water and Sewer Fund, with revenues sufficient to operate and maintain the system and service its bonded indebtedness.

Budget amendments are adopted at the regular City Council meetings during the budget year.

Encumbrances
Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, as a reservation of fund balances.

Cash and Cash Equivalents
The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments
Investments are stated at cost or amortized cost, which approximates market value.

Prepaid Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded in the year of purchase in both government-wide and fund financial statements.

Inventory
All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories in the Water and Sewer Fund consist primarily of supplies and are not considered material to the financial statements.

Interfund Transactions
During the fiscal year, transactions occur between individual funds. These interfund receivables/payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and "internal balances" on the Statement of Net Position of the government-wide financial statements.

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Capital Assets
Property, plant and equipment are stated at original cost. Where cost could not be determined from available records, estimated historical cost was used to record the estimated value of the assets. Capital assets acquired or constructed for general governmental operations are capitalized at cost. Interest costs on governmental fund construction projects are capitalized.

Assets acquired by gift or bequest are recorded at their estimated fair market value at the date of transfer. The extent, if any, to which such estimated amounts differ from actual values has not been determined.

Additions and improvements which significantly extend the useful life of an asset are capitalized. Minimum capitalization costs are $10,000 for all categories of capital assets. Other costs incurred for repairs and normal maintenance that do not add to the value of the capital asset or materially extend capital assets' lives are capitalized. Property, plant and equipment acquired for proprietary funds are capitalized in the respective funds to which it applies.

Property, plant and equipment constructed or acquired with Special Purpose Local Option Sales Tax capital projects fund resources will be transferred to either the General Fund or the Water and Sewer Fund upon completion of the various projects as inter-fund transfers.

GASB Statement No. 34 required the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year. Infrastructure assets consist of certain improvements other than buildings, such as roads, sidewalks, and bridges. Infrastructure capital assets acquired after December 31, 2001 are recorded at historical cost. The City has opted to depreciate these assets, since these assets will necessarily be limited, and a system of inventorying, preserving and maintaining them has not been implemented. Thus the modified approach to depreciation has not been elected.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives of each major class of depreciable capital assets are as follows:

	Years
Buildings	25-30
Building improvements	25-30
Equipment	5-10
Vehicles	3-5
Specialized use equipment	2-10
Utility systems	10-75
Infrastructure	25-75

Compensated Absences
It is the City's policy to not permit employees to accumulate earned but not used vacation and sick pay benefits. There is no liability for unpaid accumulated vacation or sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City.

Fund Equity
The fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

As of December 31, 2014, the City had the following investments and maturities:

Investments	Maturity	Fair Value	Credit Rating
Primary Government			
Certificate of deposit	March 23, 2015	$ 52,356	-
Business - Type Activities			
Certificate of deposit	March 23, 2015	$ 66,172	
Certificate of deposit	February 11, 2015	24,036	-
Total Business - Type Activities		90,208	
Total		$ 142,564	

Interest Rate Risk - The City 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.

Credit Risk – State statutes authorize the City 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 other political subdivisions of the State of Georgia.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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 require all deposits (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. The City had $142,564 of deposits with financial institutions, which is insured by the FDIC.

Custodial Credit Risk – Investments – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. State statutes require all 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.

Concentration of Credit Risk - The City places no limit on the amount that the City may invest in any one issuer.

NOTE 3 - PROPERTY TAXES

Property taxes were attached as an enforceable lien on property as of January 1, 2014. Taxes were levied on or about November 20, for the calendar year on assessed property values. In 2014, the tax bills were mailed on December 18, 2014, and were due February 21, 2015. An allowance is not established for delinquent taxes because of the small amount of taxes receivable. The taxes receivable are limited to properties located in the City of Crawfordville. Collectability of the taxes historically has not been affected by the local economy.

Property taxes are recognized as revenue when they become available and anticipated to be collected soon enough after year end to pay current expenditures and liabilities. A summary of the tax levy is as follows:

Millage rate	14.20 mills (net of rollbacks)
Tax digest	$ 7,148,586
Tax levy	$ 101,510

Taxes receivable at December 31, 2014 totaled $83,512.

NOTE 4 – CHANGE IN CAPITAL ASSETS

A summary of changes in capital assets, based on information currently available is as follows:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Governmental Activities				
Capital assets not being depreciated				
Land	$ 10,172	$ -	$ -	$ 10,172
Total capital assets not being depreciated	10,172	-	-	10,172
Capital assets being depreciated				
Infrastructure	495,158	-	-	495,158
Buildings and improvements	225,675	-	-	225,675
Furniture, fixtures and equipment	178,973	-	-	178,973
Total capital assets being depreciated	899,806	-	-	899,806
Less: accumulated depreciation				
Infrastructure	(211,296)	(12,379)	-	(223,675)
Buildings and improvements	(98,147)	(9,027)	-	(107,174)
Furniture, fixtures, and equipment	(94,007)	(25,568)	-	(119,575)
Total	(403,450)	(46,974)	-	(450,424)
Net capital assets being depreciated	496,356	(46,974)	-	449,382
Governmental activities capital assets - net	$ 506,528	$ (46,974)	$ -	$ 459,554

Depreciation expense was charged to functions as follows:

General government	$ 17,380
Public works	29,594
Total	$ 46,974

NOTE 4 – CHANGE IN CAPITAL ASSETS - Continued

Business-type capital asset activity for the year ended December 31, 2014, was as follows:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Business-Type Activities				
Capital assets not being depreciated				
Land	$ 4,032	$ 49,105	$ -	$ 53,137
Total capital assets not being depreciated	4,032	49,105	-	53,137
Capital assets being depreciated				
Wastewater plant	1,673,377	-	-	1,673,377
Water system	536,802	-	-	536,802
Sewer system	3,404,372	-	-	3,404,372
Water and sewer equipment	25,000	-	-	25,000
Total capital assets being depreciated	5,639,551	-	-	5,639,551
Less: accumulated depreciation				
Infrastructure	(1,610,417)	(159,541)	-	(1,769,958)
Total	(1,610,417)	(159,541)	-	(1,769,958)
Net capital assets being depreciated	4,029,134	(159,541)	-	3,869,593
Business-type activities capital assets - net	$ 4,033,166	$ (110,436)	$ -	$ 3,922,730

Depreciation expense was charged to business-type activity as follows**:**

Water and Sewer Fund	$ 159,541

NOTE 5 – COMMITMENTS AND CONTINGENT LIABILITIES

The City is subject to possible legal actions in the nature of claims for damages to persons and property, civil rights violations, and other similar types of actions arising in the course of normal City operations. In the opinion of City management, after consultation with legal counsel, the ultimate outcome of these possible legal actions will not have a material impact on the financial position of the City.

As of December 31, 2014, the City was not involved in any material matters of litigation, which, in the City attorney's opinion, would have a material effect on the City's financial statements.

NOTE 6 – INTERFUND TRANSACTIONS AND TRANSFERS

Due From/To Other Funds

Due from	Due to General Fund
Water & Sewer Fund	$ 1,482
Total	$ 1,482

The interfund balances represents amounts owed, other than charges for goods and services due in less than one year.

Transfers In/Out

Fund Transfered To	Transferred From General Fund
Solid Waste Fund	$ 7,990
Total	$ 7,990

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – LONG-TERM DEBT

Governmental activities
For the year ended December 31, 2014 there was no long- term debt attributable to governmental activities.

Business-type activities
Debt under business-type activities consists of the following:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014	Due Within One Year
GEFA Loan 2002	$ 28,558	$ -	$ (3,462)	$ 25,096	$ 3,460
GEFA Subsidy	161,822	-	(19,616)	142,206	19,616
USDA Note	410,228	-	(5,691)	404,537	5,954
GEFA Loan 2011	89,638	-	(4,029)	85,609	4,822
	$ 690,246	$ -	$ (32,798)	$ 657,448	$ 33,852

NOTE 7 – LONG-TERM DEBT – Continued

A summary of notes payable as of December 31, 2014 follows:

Note payable to Georgia Environmental Finance Authority (GEFA), dated February 1, 2001, in the amount of $450,000. The note is comprised of two components, a note in the original amount of $67,000 payable without interest in 78 quarterly payments of $835 through 2022, and a subsidy amount of $382,500, which is amortized over the 78 quarters.

Balance Due at December 31, 2014	
GEFA Loan 2002	$ 25,096
Subsidy Portion	142,206
Total for GEFA Note	$ 167,302

Note payable to the Georgia Environmental Finance Authority (GEFA), dated July 12, 2010, in the amount of $100,114 loan made under the Drinking Water State Revolving Fund (DWSRF) for the purchase of water improvements dated July 12, 2010. The total project cost is $100,114 with the DWSRF providing the entire amount. The note bears interest at the rate of 3% per annum with 240 monthly payments of $555.

Balance Due at December 31, 2014	
GEFA Loan 2011	$ 85,609
Total for GEFA Note	$ 85,609

Note payable to the United States Department of Agriculture (USDA), dated August 7, 2006, in the amount of $445,000. The note bears interest at the rate of 4.5% per annum with 480 monthly payments of $2,003.

Balance Due at December 31, 2014	
USDA Loan	$ 404,537

Total Debt

GEFA Loan 2002	$ 167,302
USDA Loan	404,537
GEFA Loan 2011	85,609
Long-Term Total Debt	$ 657,448

NOTE 7 – LONG-TERM DEBT – Continued

Annual debt service requirements through maturity on the GEFA 2002 note payable are as follows:

For the year ending December 31	GEFA Subsidy	GEFA Note Principal	GEFA Note Interest	Total
2015	$ 19,616	$ 3,460	$ -	$ 23,076
2016	19,616	3,460	-	23,076
2017	19,616	3,460	-	23,076
2018	19,616	3,460	-	23,076
2019-2021	58,848	10,386	-	69,234
2022	4,894	870	-	5,764
Total	$ 142,206	$ 25,096	$ -	$ 167,302

Annual debt service requirements through maturity on the USDA note payable are as follows:

For the year December 31	Principal	Interest	Total
2015	$ 5,954	$ 18,082	$ 24,036
2016	6,171	17,865	24,036
2017	6,455	17,581	24,036
2018	6,782	17,254	24,036
2019-2023	36,860	83,320	120,180
2024-2028	50,855	69,325	120,180
2029-2033	65,505	54,675	120,180
2034-2038	79,155	41,025	120,180
2039-2043	92,805	27,375	120,180
2044-2045	38,041	10,031	48,072
2046	15,954	273	-
Total	$ 404,537	$ 356,806	$ 745,116

NOTE 7 – LONG-TERM DEBT – Continued

Annual debt service requirements through maturity on the GEFA 2011 note payable are as follows:

For the year December 31	Principal	Interest	Total
2015	$ 4,822	$ 1,953	$ 6,663
2016	4,849	1,814	6,663
2017	4,874	1,789	6,663
2018	4,901	1,762	6,663
2019-2023	26,426	6,889	33,315
2024-2028	26,855	6,460	33,315
2029-2030	9,655	3,671	13,326
2031	3,227	8	3,235
Total	$ 85,609	$ 24,346	$ 109,843

The notes are expected to be paid with resources of the proprietary funds and thus are reported as liabilities of those funds.

City Management feels that the City is in compliance with all its debt covenants.

NOTE 8 - RISK MANAGEMENT

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 manages its business risks through commercial insurance coverage. The risks borne by the City are general liability, surety, and workers compensation. The City does not provide health insurance coverage for its employees.

The City has joined together with other municipalities in the state as part of the Workers' Compensation Self-Insurance Fund. The Georgia Municipal Association administers the Workers' Compensation Self-Insurance Fund. As part of the Workers' Compensation Self-Insurance Fund, the City is obligated to pay all contributions and assessments as prescribed by the Fund, to cooperate with the Fund's agents and attorneys, to follow loss reduction policies established by the Fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the Fund being required to pay any claim of loss. The City is also to allow the Fund'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 the loss protection furnished by the Fund.

The Fund is to defend and protect the members of the Fund against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The Fund is to pay all costs assessed 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.

The general liability aggregate limit is $3,000,000, with a personal injury limit of $1,000,000. The employee blanket bond is $10,000. Workers compensation coverage is $100,000 for bodily injury for each occurrence, with a policy limit of $1,000,000. The Workers Compensation coverage is a participant in the Georgia Municipal Association Risk Pool, where in the City shares in the risk of any pro-rata losses incurred by the Pool.

During the year ended December 31, 2014, the City paid no claims. The City is not aware of any claims that the City is liable for (up to the $1,000 deductible) which were outstanding and unpaid at December 31, 2014. No provision has been made in the financial statements for the year ended December 31, 2014 for any estimate of potential unpaid claims.

NOTE 9 - JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the thirteen county east central Georgia area, is a member of the CSRA Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligation of a RC. Separate financial statements may be obtained from:

CSRA Regional Commission
2123 Wrightsboro Road
Augusta, Georgia 30904-0800

NOTE 10 - RELATED ORGANIZATION

The Housing Authority of the City of Crawfordville is a related organization of the City of Crawfordville. The Housing Authority of the City of Crawfordville is registered with the Department of Community Affairs as a local government authority.

NOTE 11 - RECLASSIFICATION

Certain prior year funds were reclassified to conform to current year presentation. During the prior year, the City reported Water and Sewer Fund to included sanitation collections. Solid Waste Fund was formed during the year ended December 31, 2014.

NOTE 11 - SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 1, 2015.

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SUPPLEMENTARY INFORMATION

CITY OF CRAWFORDVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Amended and Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes, property	$ 115,237	$ 105,141	$ 106,185	$ 1,044
Taxes, other than property	58,511	80,999	96,365	15,366
Intergovernmental	30,820	25,930	28,010	2,080
Licenses and permits	2,765	2,645	3,140	495
Fines and forfeitures	-	1,300	200	(1,100)
Interest	578	578	517	(61)
Other	-	-	1,250	1,250
Total revenues	207,911	216,593	235,667	19,074
EXPENDITURES				
Current operating				
General government	136,971	144,214	144,085	(129)
Judicial	-	1,000	719	(281)
Public safety	45,540	20,669	20,362	(307)
Public works	25,400	28,925	28,105	(820)
Housing and development	-	3,000	1,750	(1,250)
Culture and recreation	-	9,000	9,000	-
Total expenditures	207,911	206,808	204,021	(2,787)
Excess (Deficiency) of revenues over expenditures	-	9,785	31,646	21,861
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(8,400)	(7,990)	410
CHANGE IN FUND BALANCE	$ -	$ 1,385	23,656	$ 22,271
FUND BALANCE, BEGINNING OF YEAR			203,910	
FUND BALANCE, END OF YEAR			$ 227,566	

Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP, PFS
Rep E. Whiddon, CPA, CVA

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 Mayor and City Council
City of Crawfordville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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, and each major fund of the City of Crawfordville, 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 Crawfordville, Georgia's basic financial statements, and have issued our report thereon dated April 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Crawfordville, Georgia's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Crawfordville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Crawfordville, 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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. However, material weaknesses may exist that have not been identified. We identified finding 2014-1 as significant deficiency in internal control.

Compliance and Other Matters

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

City of Crawfordville, Georgia's Response to Findings

City of Crawfordville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Crawfordville, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing and compliance and the result 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.

Baird & Company, CPAs, LLC

BAIRD & COMPANY CPAs, LLC
Certified Public Accountants

Augusta, Georgia
April 1, 2015

CITY OF CRAWFORDVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014

I. Summary of Auditors' Results:

A. The auditors' report expresses an unmodified opinion on the financial statements of City of Crawfordville, Georgia.

B. One significant deficiency and no material weaknesses were disclosed during the audit of the financial statements are reported in Part II below.

C. No instances of noncompliance material to the financial statements of the City of Crawfordville, Georgia which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

II. Findings Related to the Audit of the Financial Statements of the City of Crawfordville, Georgia are as follows:

Finding: 2014-1

Criteria:
The accounting department should have adequate separation of duties.

Condition:
There is limited separation of duties in the accounting department of the City of Crawfordville.

Cause:
The City has a limited number of staff available to properly segregate duties.

Effect:
Initiation, approval, and recording of transactions are performed by the same person.

Auditors' Recommendation:
Management should adopt policies and procedures that promote adequate segregation of duties. When adequate segregation cannot be obtained due to limited staff size, management should adopt additional approval and oversight controls to mitigate risk of loss or misuse of the City's assets to an acceptable level.

Management's Response:
The City has separated functions to the maximum amount feasible with a two person staff. Additional procedures including management oversight have been implemented to mitigate the risk associated with the lack of segregation of duties.

Auditors' Comment:
The City is a very small municipality. To obtain adequate separation of duties, the City would have to hire additional accounting and supervisory staff. Additional management oversight procedures have been implemented to mitigate the risk associated with the lack of segregation of duties.

IV. Prior Audit Findings Related to the Audit of the Financial Statements of the City of Crawfordville, Georgia:

All prior year finding have been corrected except for separation of duties. The City is small and to add adequate separation of duties is not feasible at this time.