

CITY OF DOUGLAS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:
City of Douglas Finance Department

CITY OF DOUGLAS, GEORGIA
ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

City of Douglas

"Working Together To Serve You Better"

CITY OF EXCELLENCE

OFFICE OF THE CITY MANAGER

City Manager
Terrell Jacobs

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Fax: (912) 384.6730

Mayor
James H. Dennis

Mayor Pro Tem
Dennis Josey

Commissioners
Richard Hutchinson
Olivia Pearson
Marty Swain
Ronnie Anderson
Bob Moore

Certified City of Ethics

December 20, 2014

To the Citizens of the City of Douglas;
Honorable James Dennis, Mayor; and
Distinguished Members of City Commission

State law requires that all general –purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Douglas, Georgia for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Douglas, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Douglas, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Douglas, Georgia's financial statements in conformity with GAAP. The City's management is responsible for establishing a system of internal controls to: safeguard City assets from loss or unauthorized use or disposal, provide reliable financial records for preparing internal and external financial reports and for maintaining accountability over City assets and to ensure compliance with applicable Federal and State laws and regulations related to programs for which the City receives assistance. No system of internal control can be perfect. Therefore internal controls are meant to provide "reasonable assurance". Reasonable assurance means: the cost of internal controls should not exceed the benefits likely to be derived from that control and the costs and benefits of internal controls are subject to estimates and judgments by management. We believe the City's internal controls reasonably safeguard assets, assure that financial transactions are properly recorded and reported and ensure compliance with Federal and State laws and regulations. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Douglas, Georgia's financial statements have been audited by Hurst & Hurst, CPAs, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Douglas, Georgia for the fiscal year ended June 30, 2014, are free of material

misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Douglas, Georgia's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Douglas, Georgia's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Douglas, Georgia was incorporated in 1895 under provisions of an act of the General Assembly of Georgia. The City operates under a council-manager form of government and provides the full range of services contemplated by statute or charter. Policy-making and legislative authority are vested in the governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year terms. The Mayor is also elected to serve four year term. The council members are elected by wards. The City Clerk is appointed by the Mayor and council.

The City of Douglas, Georgia provides a full range of services. These include police and fire protection, construction and maintenance of highways and streets, sanitation services, public infrastructure improvements, planning and zoning, general administrative services, water and sewer systems, a natural gas system, electric system, storm-water management system and parks and recreation services.

The annual budget serves as the foundation for the City of Douglas, Georgia's financial planning and control. All departments of the City are to submit requests for appropriation to the government's manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before May 15th, the proposed budget is presented to the governing council for review. The governing council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City manager or the revenue estimates must be changed by an affirmative vote of a majority of the governing council.

Relevant Financial Policies

As a practice and a standing policy, the City of Douglas, based on general accounting principles, has tried to maintain a 3 month fund balance over the last several years. We have also set out to make whatever budget adjustments needed to address deviations in the line items before the end of the budget year.

During the budgetary process, we have an established policy of trying to stay within 2 % of expenditures of the upcoming budget. We strive to adhere to all the general accounting principles in relationship of our many funds we engage in.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The City of Douglas has seen a slight decline in primary general fund revenues. Some of the revenues are property taxes, Local Option Sales Taxes, and development related fees. The catalyst for these areas of decline have been the lingering recession that has impacted the nation, the State of Georgia, Coffee County and the City of Douglas. In the last several years, property taxes have declined on an average of 5% to 7%, whereas, Local Option Sales Taxes have reduced about 2% to 4%. In the development fee sector, revenues are down from the beginning of the recession in 2008. However, the City of Douglas has been able to weather these declines in general fund revenues and combat it in several ways. Staff has looked at ways to work smarter and reduce personnel cost. We have reorganized some staff to address previous responsibilities performed by multiple staff; eliminate unnecessary steps and functions that don't benefit customer service.

Our enterprise funds have steadily improved over the past several years and we have been fortunate to be able to increase some transfers from these funds to help sure up general funds in the absence of increased revenues from primary sources from General Fund. Even though there seems to be a weak economy for Douglas-Coffee County in the way of new growth in the development sector, our utilities have done well with increasing revenues. The major reason for these increases is due to rate increases to cover costs of operation and debt service. Other considerations with utilities revenue increase is that our customers have used more service for their use in Douglas. The City of Douglas' utility customer base make up is about 65% Commercial and Industrial and 35% Residential. The City has seen an increased demand for energy and other services that we provide during this recession. Thus, this has boosted our revenues with rate increases of about 10-15% from prerecession to current.

At the height of the recession here in Douglas-Coffee County, we experienced about 22% unemployment back in 2008-2009. The major contributor to this high unemployment was the closure of our chicken processing plant and other auxiliary's services to support the plant. The total amount of unemployed individuals from this one closure represented around 2,400 jobs in Douglas-Coffee County. As a County of 42,000 and a city of 11,500, this number was staggering to overcome and reduce. However, we have a strong economic development team here in Douglas-Coffee County. In 2009, this community was able to reopen the poultry processing plant and start bringing back jobs to Douglas-Coffee County and slowly start reducing the high unemployment figures.

Since the reopening of the poultry processing plant and other auxiliaries services to support it, Douglas-Coffee County's economy has seen a resurgence in business activity and a steady decline in the unemployment rate in our community. Currently, Douglas-Coffee County is experiencing single digit unemployment figures (8 to 9%) which represents a 50 to 60 percent reduction in unemployment rates from the height of the recession in 2008.

Commercial and Industrial growth seems to continue with new commercial properties sprouting up in several areas in our Community. As a specific example of the growth, we have had multiple commercial properties develop within the City of Douglas and Coffee County. We are expecting the Hardee's Restaurant to open in Spring 2015 and we have already opened Church's Fried Chicken. Both of these retailers will contribute to the growth we have already experienced. We are also getting a new hotel on the south end of Douglas, which will be a Marriott facility. This addition to our hotel stock will give us an opportunity to leverage our event facilities within our city. Thus, the Bikes, Blues & BBQ festival scheduled for each spring will be beneficial for visitors and people attending these festivities. All of the retailers, hotels and festivals held in the City of Douglas create sales tax for our community as well as increased hotel/motel revenue.

As far as industrial prospects, we have seen expansion from existing industries. There are several industries who have made announcements of future expansions: Optima Chemical and Spectrum Coat Manufacturer, just to name a couple. Southwire has added a 2nd plant within the City of Douglas. These expansions have added additional jobs to our declining unemployment rate which provides a vibrant economic outlook. There are other signs of economic increases. We have seen Pilgrim's Pride solicit for additional chicken houses for the poultry plant, which will increase their capacity and create more jobs. Also, it will create additional ancillary jobs for the poultry farmers as well as the suppliers.

On another front, we have seen an increase in capacity in relation to natural gas with existing and new customers. We have increased our sales of natural gas to poultry farmers in lieu of propane. We have also constructed a Compressed Natural Gas (CNG) facility which was brought online in September 2014 with Transwaste, our sanitation service provider, purchasing (3) Compressed Natural Gas vehicles in 2014 with the intent to purchase (3) more CNG vehicles in 2015.

On the electrical utility side, we have seen slight growth in electrical consumption due to expansion as well as the new retailers coming on board. Water, Wastewater and Sanitation seem to be steady with no drop in their customer base.

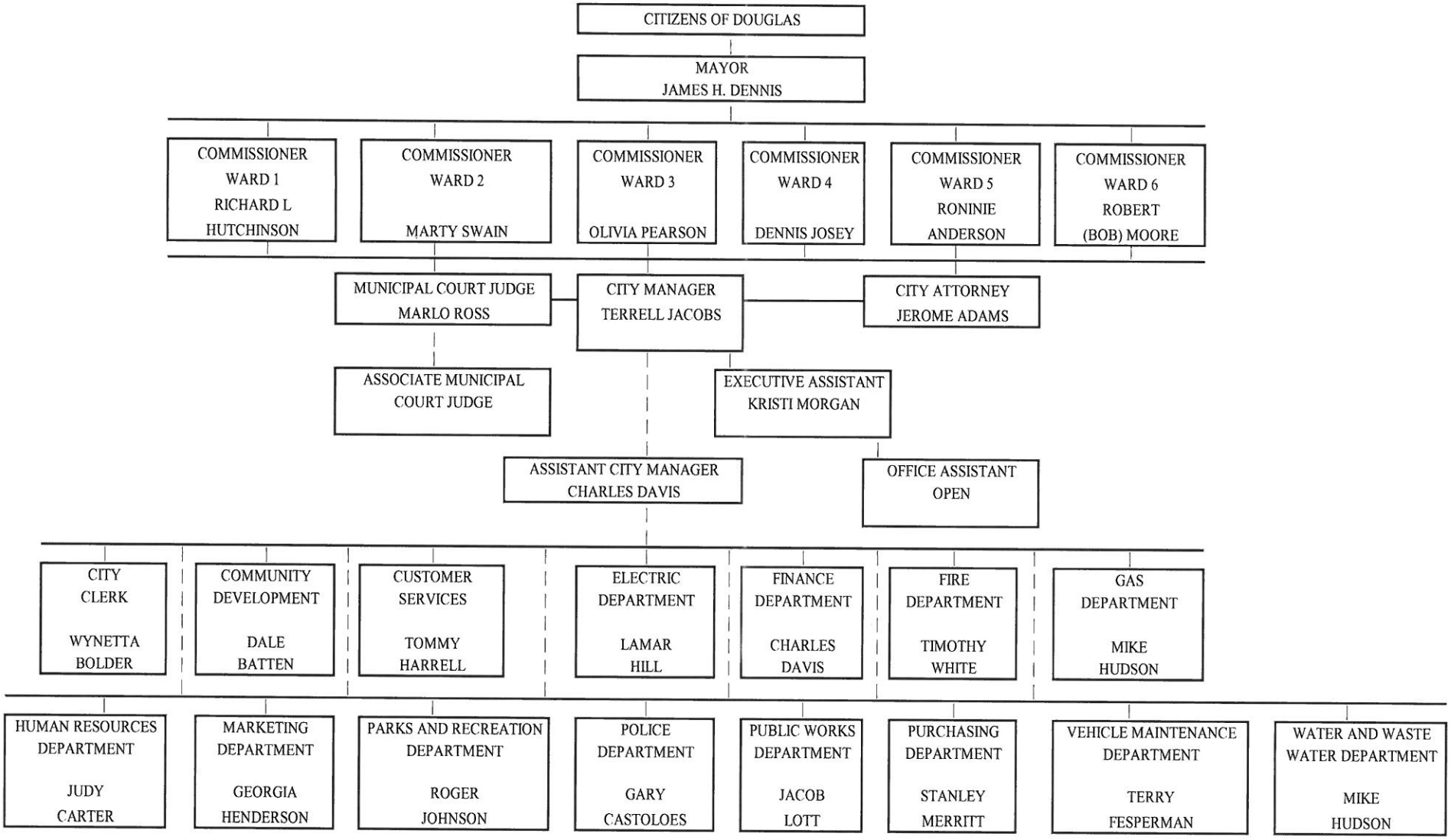
From the above indicators and the financial outlook, the City of Douglas looks promising and is on the rise for growth and will see more opportunities in the future.

Respectfully submitted,

Terrell Jacobs, City Manager
City of Douglas, Georgia

Charles W. Davis, Chief Financial Officer
City of Douglas, Georgia

CITY OF DOUGLAS
ORGANIZATIONAL CHART



CITY OF DOUGLAS, GEORGIA
PRINCIPAL OFFICIALS
JUNE 30, 2014

MAYOR	JAMES H. DENNIS
WARD ONE	RICHARD L. HUTCHINSON
WARD TWO	MARTY SWAIN
WARD THREE	OLIVIA PEARSON
WARD FOUR	DENNIS JOSEY
WARD FIVE	RONNIE ANDERSON
WARD SIX	ROBERT (BOB) MOORE

FINANCIAL SECTION

HURST & HURST CPAs
Certified Public Accountants • Small Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Douglas, GA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Douglas, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Douglas, Georgia'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 State 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 error or fraud.

Auditor's Responsibility

Our responsibility is to expresss 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 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 and, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. I 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 on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Douglas, Georgia, as of June 30, 2014, and the respective changes in financial position, the general fund budget comparison and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Pension information on pages 10-21 and 65, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Douglas, Georgia's basic financial statements as a whole. The introductory section, and combining and individual non-major fund financial statements , schedules of expenditures of special purpose local option sales tax proceeds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major 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 our opinion, the combining and individual non-major fund financial statements and schedules of expenditures of special purpose local option sales tax proceeds are fairly stated in all material aspects in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide and assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2014, on our consideration of the City of Douglas, Georgia's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Douglas, Georgia's internal control over financial reporting and compliance.

Hurst + Hurst

Douglas, Georgia
December 20, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DOUGLAS, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Our discussion and analysis of the City of Douglas, Georgia's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 24 and the Notes to the Financial Statements, which begin on page 39.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2014 are as follows:

- The City's net position totaled $74.7 million for its governmental and business-type activities, an increase of $7.8 million over the previous fiscal year. Net position for governmental activities increased $4.6 million, or 17%, and business-type activities increased $3.2 million, or 8%.

- Total combined revenues for governmental and business-type activities were $59.8 million, an increase of $4.0 million over the previous fiscal year. Revenues for governmental activities decreased $.3 million, or 2%, and revenues for business-type activities increased $4.3 million, or 10.2%.

- Overall expenses were $52.6 million, an increase of $3.2 million over the previous year. Expenses for governmental activities increased $1.5 million, or 10.5%, and expenses for business-type activities increased $1.7 million, or 4.9%.

- As of June 30, 2014, governmental activities' expenses exceeded program revenue, resulting in the use of $6.6 million in general revenues (primarily taxes).

- In the City's business-type activities, revenues were $45.9 million and expenses were $36.4 million, for an operating profit of approximately $9.5 million for 2014.

- The General Fund resources available for appropriation were $.08 million more than budgeted, and charges to appropriations were $.20 million more than budgeted, resulting in a $.12 million deficit and decrease in total fund balance.

- The combined governmental funds' balance as of June 30, 2014 was $ 11.4 million, of which the general fund comprised $5.1 million, SPLOST V fund comprised $5.5 and other governmental funds (which are presented in detail on pages 66 through 72) comprised $0.8 million.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1)government-wide financial statements 2)fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Statement of Net Position and the Statement of Activities (on pages 24-26) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The Statement of Net Position presents information on all of the City's assets, and liabilities, with the difference reported as net position. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. The governmental fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole-Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 24. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the type of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position—the difference between assets and liabilities —as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads and water/sewer infrastructure to assess the overall wellbeing of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, including the public safety, public works, airport, parks and recreation, community development, code enforcement, as well as general administration. Property taxes, fees, fines, licenses, permits, charges for services, and state and federal grants finance most of these activities.
- Business-type activities—The City charges a fee to customers to help it cover the cost of certain services it provides. The City's Water and Sewer, Natural Gas, Electric, and Sanitation Services are reported here.

- Component units— The City included no component units in its financial statements for fiscal year 2014.

Reporting the City's Most Significant Funds

The fund financial statements begin on page 27 and provide detailed information about the most significant funds—not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. Some funds are required to be established by State Law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. Fund financial statements provide detailed information about the City's major funds. The City's major governmental fund is the General Fund. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 28 and 30, respectively.

  The City maintains 19 governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and SPLOST V Fund which are considered to be major funds. Data from the other 17 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

- Proprietary funds—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide

statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds are used to report activities that provide services for the City's other programs and activities. The City accounts for self-insurance programs for workers compensation and employee life and health care, in Internal Service Funds. The proprietary fund statements begin on page 33.

Notes to Financial Statements and Other Information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-64. In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information and combining financial statements and schedules.

THE CITY AS A WHOLE

NET POSITION:

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position
(000's Omitted)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
Assets:	2014	2013	2014	2013	2014	2013	2013-2014
Current assets	$ 13,552	$ 10,249	$ 12,398	$ 7,901	$ 25,950	$ 18,150	43.0%
Restricted assets - current	-	-	928	-	928	-	0.0%
Unrestricted non current	-	-	5	129	5	129	-96.1%
Restricted assets - non current	-	-	15,571	19,038	15,571	19,038	-18.2%
Capital assets- net	22,118	22,389	19,755	19,423	41,873	41,812	0.1%
Total assets	**35,670**	**32,638**	**48,657**	**46,491**	**84,327**	**79,129**	6.6%
Liabilities:							
Long-term debt outstanding	812	2,323	2,139	1,098	2,951	3,421	-13.7%
Other liabilities	2,751	2,799	3,923	6,041	6,674	8,840	-24.5%
Total liabilities	**3,563**	**5,122**	**6,062**	**7,139**	**9,625**	**12,261**	-21.5%
Net position:							
Invested in capital assets, net of debt	21,954	22,055	17,616	17,933	39,570	39,988	-1.0%
Restricted for Capital Projects	5,629	3,297	-	-	5,629	3,297	70.7%
Unrestricted (deficit)	4,524	2,164	24,979	21,419	29,503	23,583	25.1%
Total net position	**$ 32,107**	**$ 27,516**	**$ 42,595**	**$ 39,352**	**$ 74,702**	**$ 66,868**	11.7%

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. The City was able to report positive balances in all categories of net position. The City's combined net position increased $7.8 million from $66.9 million to $74.7 million as of June 30, 2014. $4.6 million of this increase was in governmental activities and was primarily due to the receipt of SPLOST tax for the 2012 Special Purpose Local Option Sales Tax and $3.2 of this increase was in business-type activities and primarily due to profit in the electric fund and the water and sewer fund. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were $29.5 million at the end of this year. This is an increase of $8.6 million over the last two fiscal years.

The largest portion of the City's net position (approximately 53%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, sidewalks) less any debt used to acquire those assets that remain outstanding. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (39%) may be used to meet the government's ongoing obligation to citizens and creditors.

The total net position of our business-type activities increased by 8.3 percent ($42.6 million in 2014 compared to $39.3 million in 2013). The increase of $3.3 million in net assets resulted from a net operating profit of $9.5 million, a net transfer of $4.7 million to governmental activities, a prior period adjustment of $2.1 million (see Note 26, on page 64) and a capital contribution of $.6 million(capital assets purchased with SPLOST monies). $3.7 million of the transfers to the general fund were from the Electric fund to help support rising costs without raising property taxes. The City Code states that all profits derived from the operations of the business-type activities shall be considered general funds of the city and may be used by the city council in the operation of the City, provided the use is not in conflict with the charter and the Code. The City reports positive net position balances in all of its enterprise activities (Natural Gas, Electric, Water and Sewer, and Sanitation). These activities are presented in more detail on pages 33 through 38.

CHANGES IN NET POSITION:

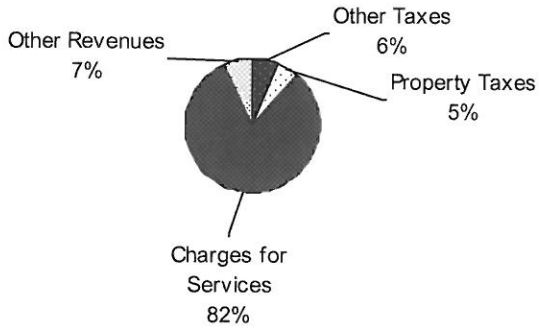
The City's total change in net assets was a total increase of $7.8 million comprised of an increase of $4.6 million in the current fiscal year as a result of its governmental activities and an increase of $3.2 million as a result of its business-type activities. Key elements of this increase are as follows:

Table 2
Changes in Net Position
(000 Omitted)

	Governmental Activities		Business Type Activities		Total Primary Government		Total % Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues							
Program revenues:							
Charges for services	$ 3,498	$ 3,355	$ 45,409	$ 41,614	$ 48,907	$ 44,969	8.8%
Operating grants	89	-	-	-	89	-	0.0%
Capital grants	3,737	4,606	-	-	3,737	4,606	-18.9%
General revenues:							
Property taxes	2,863	2,265	-	-	2,863	2,265	26.4%
Other taxes	3,393	3,512	-	-	3,393	3,512	-3.4%
Investment earnings	4	4	475	8	479	12	3891.7%
Other Revenues	327	455	-	-	327	455	-28.1%
Total general / program revenues	**13,911**	**14,197**	**45,884**	**41,622**	**59,795**	**55,819**	7.1%
Program Expense							
General government	3,692	3,112	-	-	3,692	3,112	18.6%
Public safety	6,243	5,724	-	-	6,243	5,724	9.1%
Public works	2,337	1,785	36,393	34,571	38,730	36,356	6.5%
Culture and recreation	2,344	2,107	-	-	2,344	2,107	11.2%
Housing and development	1,479	1,833	-	-	1,479	1,833	-19.3%
Interest and fiscal charges	21	18	46	182	67	200	-66.5%
Total program expenses	**16,116**	**14,579**	**36,439**	**34,753**	**52,555**	**49,332**	6.5%
Changes in net position before special and extraordinary items and transfers	(2,205)	(382)	9,445	6,869	7,240	6,487	11.6%
Transfers	4,720	4,428	(4,720)	(4,428)	-	-	-
Capital Contributions	-	-	594	85	594	85	598.8%
Changes in net position	**$ 2,515**	**$ 4,046**	**$ 5,319**	**$ 2,526**	**$ 7,834**	**$ 6,572**	19.2%

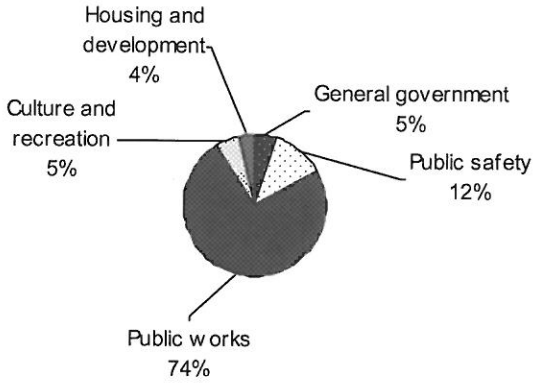
As can be seen from the following chart, approximately 5% of the City's combined total revenue is provided by property taxes, 82% by fees, fines, charges for services, an additional 6% by other taxes, and the remaining 7% by a combination of sales tax, grants, contributions, investment income and other revenues. The City charges fees for services as varied as providing copies of documents, issuing building permits, water and sewer, electric, natural gas, and sanitation.

Revenue Sources – FY2014



The City's major expenses, at 74% of the combined total, are clearly in the area of providing services and public works activities. These services include providing services relating to highways and streets, cemetery, vehicle maintenance, natural gas, electricity, water and sewer, and sanitation.

Expenses by Activity– FY2014



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Douglas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The objective of the City's governmental funds is to provide information on near-term in-flows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City ended the 2014 fiscal year with a balance of $11.4 million in its governmental funds. Of this, the unassigned portion was $4.6 million. The remaining $6.8 million is reserved for inventories, or restricted or assigned to various special revenue funds. $5.6 million of this amount was restricted for the SPLOST 2012 fund.

Major Funds – Governmental:

General Fund

The General Fund is the operating fund of the City. At the end of the current year, the fund balance was $5.1 million, of which $4.6 million was unassigned, which is available for spending in the coming year. As a measure of liquidity, it may be useful to compare the unassigned fund balance to total expenditures for the General Fund and transfers out to other funds. The unassigned General Fund balance represents 32.5% of that total. The General Fund pays for most of the city's governmental services. The most significant of these is general government expenses and police and fire services which incurred expenses of $3.3 million and $6.1 million, respectively, in 2014. The majority of expenses are for employee benefits, maintenance and utilities cost.

The fund balance in the general fund decreased $.12 million during FY 2014. The largest sources of funds for the general fund are local option sales taxes and property taxes. Although sales taxes have not returned to the levels prior to the economic downturn they have remained stable. Property values have not increased from real or inflationary growth, however motor vehicle tax revenue doubled from the prior year due to the first full year of the implementation of the Title Ad Valorem Tax. The City continues to work on cost containment measures in the current economic climate. The $5.1 million fund balance should help the City weather an economic slowdown and any unanticipated events. As of June 30, 2014, the City has 3.9 months reserve based on the average monthly expenditures in the unassigned fund balance. Additional information about the General Fund can be found on pages 27 through 32.

SPLOST V Fund

This fund accounts for tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax beginning in 2012. Total assets were $5.5 million, no liabilities, and a fund balance of $5.5 million for the year ended June 30, 2014. Additional information on this SPLOST Fund can be found on page 92.

Other Governmental Funds:

Combined assets were $.86 million; liabilities $0.02 million; and fund balance was $.84 million for the year ended June 30, 2014. These totals are a combination of the special revenue funds and capital project funds discussed below.

Special Revenue Funds

The City uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are Recreation Activity Fund, Forfeiture Fund, Program Income HUD Fund, DCA Program Income Fund, Central Multi-Purpose Complex Fund, Main Street Program Fund, Escrow II Fund, Airport Rental Receipts Fund, Motel Tax

Fund, Central Service Activity, Heat Grant Fund, GHFA Energy Fund, Park Improvement Project Fund, and Youth Summer/After School Program Fund.

Combined total assets of the above funds were $.77 million as of June 30, 2014, liabilities $0.02 million and fund balances were $0.75 million. Details on these funds are on pages 67 through 89 .

Capital Projects Funds

These funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. Included in this classification are SPLOST 2000, Community Development Block Grant, and Airport Improvement Fund. Capital Projects Funds had $0.09 million in assets, no liabilities and a fund balance of $.09 million. Additional details of these funds are on pages 67 through 75.

Proprietary Funds

The City reports three business-type activities as major funds and one business-type activity as a nonmajor fund. The Natural Gas, Electric, and Water & Sewer activities are reported as major funds. The Sanitation fund is reported as a nonmajor fund. Charges for services increased from $41.6 million in 2013 to $45.4 million in 2014. In March 2013 water/sewer rates were increased 6.7% and in March 2014 rates were increased 4.5% to cover expenses of the aging infrastructure. In July 2013, sanitation rates were increased 10% to cover the CPI and Fuel Surcharge from Transwaste Services and to further establish a Stormwater Utility and Maintenance Program. In January 2013 there was a 2 mil increase and in July 2013 a 4 mil increase to all customers to cover increased wholesale power costs, to begin closing the gap between actual wholesale cost and what the City pays and to cover increased Federal environment expenses. Gas revenue continues to see an increase in gas consumption by some of the City's larger customers and an expansion of services to new agricultural customers. The compressed natural gas dispensing facility is expected to realize $100,000 per year in sales. Costs of services increased from $34.6 million in 2013 to $36.4 million in 2014. This increase was mainly due to cost of services related to the increase in revenue. The combined net operating income of proprietary funds totaled $9.5 million for the year ended June 30, 2014. More detailed information about the City's proprietary funds can be found on pages 33 through 38.

The City's self-insurance funds for workers' compensation and employee benefits are reported as internal service funds in the proprietary fund statements. The government-wide statements include the internal service as a governmental activity with revenues, expenses, and balance sheet accounts added to the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the General Fund. The City Council amends this budget throughout the fiscal year, as needed. Budgets are amended to reflect unanticipated changes in revenue collections and operating conditions. Actual revenues were $.08 million more than budgeted, actual expenditures were $0.20 million more than budgeted resulting in a $.12 million dollar deficit. Operating expenditures were closely monitored to offset any revenue decreases. The City incurred expenditures in excess of appropriations due to the additional compensation paid to current and former employees that were affected by a change in sick-time compensation. Additional information on the lawsuit relating to the change in sick-time compensation can be found in Note 25, on page 63.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to $41.8 million, net of accumulated depreciation of $31.8 million. This investment in capital assets includes land, site improvements, construction-in-progress, buildings and building improvements, equipment, and, beginning with fiscal year 2004, infrastructure. Infrastructure assets (roads, bridges, curbs, gutters, storm drains, and so forth) are items that have been heretofore not considered assets at all by this City, having been viewed as immovable, without a market in which they could be sold, without readily determinable current values, and of indeterminable salvage value, at best.

Total capital assets, net of additions, retirements and depreciation, decreased $.27 million for governmental activities and increased $0.37 million for business-type activities. During FY 2014 there were additions to governmental activities of $1.1 million and additions to business-type activities of $2.3 million. Major capital asset events during fiscal year 2014 for governmental activities included street resurfacing, ongoing upgrades to public buildings, new sidewalks and various street improvements, the purchase of various other equipment and vehicles for the police and public works departments.

Major capital asset events during fiscal year 2014 for business-type activities include expenditures for the new compressed natural gas dispensing facility to be paid for with proceeds from a Municipal Gas Authority of Georgia (MGAG) loan, distribution system improvements for the gas and water systems, and the purchase of handheld meter readers and various transportation equipment including two freightliner trucks.

Depreciation expense for the period was $3.3 million of which $1.4 million was allocated to the governmental activities functions and $1.9 million to the business-type activities functions. Additional information on Capital Assets can be found on page 48-49.

Long-term Debt

As of June 30, 2014, the City of Douglas had $3.1 million in outstanding long-term debt principal, of which $.64 million is due within one year.

Outstanding debt increased by $.44 million as compared to last year. This net increase resulted from the MGAG loan used for the construction of the natural gas dispensing facility in the amount of $1.2 million, increase in compensated absences of $.04 million and debt repayment of $.80 million. There were no new capital leases during the year ending June 30, 2014.

The principal outstanding on the City's long-term debt is summarized in the following table:

City of Douglas, Georgia
Outstanding Debt (000 Omitted)

	Governmental Activities	Business-type Activities	Total
Notes payable	$ 59	$ 2,051	$ 2,110
Capital leases	131	87	218
Compensated Absences	622	185	807
	$ 812	$ 2,323	$ 3,135

The City continues to operate in a manner that cash balances are adequate to finance day-to-day operations without short term borrowings such as tax anticipation notes. Long term financing is used for equipment and other major projects. Additional information about the City's long-term debt can be found in Note 8 and 9 of the Notes to the Financial Statements, beginning on page 51 .

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget, including, but not limited to, tax rates and fees that will be charged for services. In prior years increased operating costs have been funded from increases in the tax digest and increased sales taxes. The economic downturn has adversely impacted these increases. Although demand for an increase in services continues to rise, as do the expenses to fund services, the economy has not kept pace to provide any additional funds. Health care costs and other employee benefits continue to rise further increasing costs to provide services. The City is mindful of this and continues to search for ways to deliver cost effective services to the citizens of Douglas. There is also the ever increasing cost of operating the Water and Sewer system, maintenance of its infrastructure, and satisfying State and Federal unfunded mandates. A SPLOST referendum was passed in March 2011, with Water/Sewer improvements as priority, as these improvements are needed to help support the City's industry and jobs.

Despite these concerns the City continues to operate in an efficient manner. Salary expenses have been reduced through reorganization. An increase in millage rate

was not proposed for the 2015 budget due to the careful management of expenditures. The City Council actively participates in regional planning with State and Federal agencies, Coffee County, neighboring counties, and municipalities to maximize services to our citizens and to provide these services as economically reasonable as possible.

The City Council sets rigorous standards for sound financial management of the City, continually reviewing the needs of the community with the costs of providing for those needs and the various sources of funding available.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Douglas, P.O. Box 470, Douglas, GA, 31534 or call 912-389-3401.

BASIC FINANCIAL STATEMENTS

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	Government Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Equity in Pooled Cash	$ 1,410,383	$ 2,878,560	$ 4,288,943
Equity in Investment Pool	3,991,777	3,112,653	7,104,430
Cash	6,789,854	431,434	7,221,288
Investments	405	-	405
Receivables			
Accounts (net of allowance of $0, and $28,784 respectively)	20,965	2,551,558	2,572,523
Unbilled	-	2,232,369	2,232,369
Property Tax (net of allowance of $2,613, and $0 respectively)	256,081	-	256,081
Sales Tax	124,447	-	124,447
Other Taxes	17,282	-	17,282
Internal Balances	714,038	(714,038)	-
Due from MGAG - Loan Proceeds	-	770,664	770,664
Prepaid Items	90,840	56,520	147,360
Inventory	136,080	1,078,319	1,214,399
Restricted Assets:			
Customer Deposits - Equity in Investment Pool	-	813,632	813,632
Customer Deposits - Certificate of Deposit	-	114,478	114,478
Total Current Assets	13,552,152	13,326,149	26,878,301
Noncurrent Assets:			
Investments	-	5,042	5,042
Restricted Assets:			
MEAG Trust	-	15,571,247	15,571,247
Capital Assets Not Being Depreciated			
Land	4,380,801	191,243	4,572,044
Construction In Process	2,673,367	438,822	3,112,189
Capital Assets, Net of Accumulated Depreciation			
Buildings and Improvements	8,323,759	55,203	8,378,962
Infrastructure	5,188,335	-	5,188,335
Machinery and Equipment	942,997	606,675	1,549,672
Transportation Equipment	586,136	1,304,574	1,890,710
Distribution System	-	17,132,471	17,132,471
Computer Equipment	-	25,608	25,608
Office Equipment	22,654	-	22,654
Furniture and Fixtures	-	-	-
Appliances	-	-	-
Total Noncurrent Assets	22,118,049	35,330,885	57,448,934
TOTAL ASSETS	35,670,201	48,657,034	84,327,235
LIABILITIES			
Current Liabilities:			
Accounts and Contracts Payable	295,680	2,517,284	2,812,964
Accrued Expenditures	522,676	-	522,676
Other Payables	1,069,646	290,177	1,359,823
Accrued Interest Payable	-	3,524	3,524
Payable from restricted assets:			
Customer Deposits Payable	-	928,087	928,087
Current Portion of Compensated Absenses	93,310	27,690	121,000
Current Portion of Capital Leases	25,748	43,164	68,912
Current Portion of Long-Term Debt	5,000	449,127	454,127
Total Current Liabilities	2,012,060	4,259,053	6,271,113

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION (continued)
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	Government Activities	Business-type Activities	Total
Noncurrent Liabilities:			
Estimated Liability for Compensated Absences	528,747	156,897	685,644
Long Term Debt (net of current portion)	53,750	1,602,227	1,655,977
Net OPEB Obligation	863,511	-	863,511
Capital Leases (net of current portion)	105,583	44,201	149,784
Total Noncurrent Liabilities	1,551,591	1,803,325	3,354,916
TOTAL LIABILITIES	3,563,651	6,062,378	9,626,029
NET POSITION			
Net Investment in Capital Assets	21,927,968	18,386,541	40,314,509
Restricted for Cemetary	44,932	-	44,932
Restricted for Police Technology	16,949	-	16,949
Restricted for DCCPRD	76,929	-	76,929
Restricted for Haz-Mat	82,160	-	82,160
Restricted for Capital Projects	5,629,063	-	5,629,063
Unrestricted	4,328,549	24,208,115	28,536,664
TOTAL NET POSITION	32,106,550	42,594,656	74,701,206
TOTAL LIABILITIES AND NET POSITION	$ 35,670,201	$ 48,657,034	$ 84,327,235

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

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

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE CHANGES IN NET POSITION: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Total
Primary Government							
Governmental Activities							
General Government	$ 3,691,642	$ 2,264,622	$ -	$ 3,736,644	$ 2,309,624	$ -	$ 2,309,624
Public Safety	6,243,436	36,375	89,192	-	(6,117,869)	-	(6,117,869)
Public Works	2,337,109	-	-	-	(2,337,109)	-	(2,337,109)
Culture and Recreation	2,344,417	865,318	-	-	(1,479,099)	-	(1,479,099)
Housing and Development	1,478,537	331,917	-	-	(1,146,620)	-	(1,146,620)
Interest and Fiscal Charges	20,879	-	-	-	(20,879)	-	(20,879)
Total Governmental Activities	16,116,020	3,498,232	89,192	3,736,644	(8,791,952)	-	(8,791,952)
Business-Type Activities							
Natural Gas	4,966,924	5,912,014	-	-	-	945,090	945,090
Electric	22,523,339	29,215,975	-	-	-	6,692,636	6,692,636
Water and Sewer	6,323,375	7,309,595	-	-	-	986,220	986,220
Sanitation System	2,625,493	2,971,476	-	-	-	345,983	345,983
Total Business-Type Activities	36,439,131	45,409,060	-	-	-	8,969,929	8,969,929
Total Primary Government	52,555,151	48,907,292	89,192	3,736,644	(8,791,952)	8,969,929	177,977
General Revenues:							
Property Taxes, Levied For General Purpose					2,863,239	-	2,863,239
Sales and Use Taxes					1,621,353	-	1,621,353
Insurance Premium Tax					597,807	-	597,807
Franchise Taxes					251,691	-	251,691
Other Taxes					921,957	-	921,957
Interest Earnings					5,490	474,678	480,168
Gain on Disposition of Capital Assets					54,368	-	54,368
Other Revenue and Reimbursements					271,268	-	271,268
Total General Revenues					6,587,173	474,678	7,061,851
Capital Contributions					-	593,809	593,809
Transfers					4,719,997	(4,719,997)	-
Total General Revenues, Capital Contributions and Transfers					11,307,170	(3,651,510)	7,655,660
Change in Net Position					2,515,218	5,318,419	7,833,637
Net Position - Beginning					29,591,339	37,276,237	66,867,576
Net Position - Ending					$ 32,106,550	$ 42,594,656	$ 74,701,206

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

CITY OF DOUGLAS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major Governmental Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	SPLOST V		
ASSETS				
Equity in Pooled Cash	$ 1,410,383	$ -	$ -	$ 1,410,383
Equity in Investment Pool	3,991,777	-	-	3,991,777
Cash	206,477	5,543,207	839,593	6,589,277
Investments	-	-	405	405
Accounts and Notes Receivable	470	-	20,495	20,965
Taxes Receivable				
Property (net of allowance of $2,613)	256,081	-	-	256,081
Sales	124,447	-	-	124,447
Franchise	17,282	-	-	17,282
Interfund Receivables	848,701	-	-	848,701
Prepaid Items	90,840	-	-	90,840
Inventory	136,080	-	-	136,080
Total Assets	7,082,538	5,543,207	860,493	13,486,238
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	291,256	-	4,424	295,680
Accrued Expenditures	522,676	-	-	522,676
Other Payables	565,230	-	14,107	579,337
Interfund Payables	419,256	-	5,140	424,396
Total Liabilities	1,798,418	-	23,671	1,822,089
Deferred Inflows of Resources	233,428	-	-	233,428
Total Liabilities and Deferred Inflows of Resources	2,031,846	-	23,671	2,055,517
Fund Balances:				
Nonspendable:				
Not in Spendable Form - Inventory & Prepaids	226,920	-	-	226,920
Restricted for:				-
Cemetary	44,932	-	-	44,932
Police Technology	16,949	-	-	16,949
DCCPRD	76,929	-	-	76,929
Haz Mat	82,160	-	-	82,160
Capital Projects	-	5,543,207	85,856	5,629,063
Committed to:	-	-	-	-
Assigned to:				
Special Revenue Funds	-	-	750,966	750,966
Unassigned:	4,602,802	-	-	4,602,802
Total Fund Balances	5,050,692	5,543,207	836,822	11,430,721
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,082,538	$ 5,543,207	$ 860,493	$ 13,486,238

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

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

Total fund balances for governmental funds		$ 11,430,721
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of Capital Assets	38,435,457	
Less accumulated depreciation	(16,317,408)	
		22,118,049
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds		
Property Taxes		233,428
Certain liabilities, such as compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(622,057)
Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes Payable	58,750	
Capital Leases Payable	131,331	
Net OPEB Obligation	863,511	
		(1,053,592)
Total net position of governmental activities		$ 32,106,550

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Governmental Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	SPLOST V		
REVENUES:				
Taxes	$ 5,471,689	$ -	$ 193,784	$ 5,665,473
Intergovernmental Revenues	-	3,090,177	720,441	3,810,618
License & Permits	348,218	-	-	348,218
Charges for Services	325,402	-	375,984	701,386
Fines & Forfeitures	446,630	-	36,334	482,964
Investment Earnings	5,490	1,599	467	7,556
Other Revenues/Reimbursements	2,562,919	-	44,310	2,607,229
Total Revenues	9,160,348	3,091,776	1,371,320	13,623,444
EXPENDITURES:				
Current:				
General Government	3,274,436	-	-	3,274,436
Public Safety	5,816,714	-	155,486	5,972,200
Public Works	2,049,780	-	219,429	2,269,209
Culture and Recreation	1,383,194	-	487,330	1,870,524
Housing and Development	1,122,499	-	12,983	1,135,482
Capital Outlay:	-	845,082	432,437	1,277,519
Debt Service:				
Principal	296,803	-	5,000	301,803
Interest	20,879	-	-	20,879
Total Expenditures	13,964,305	845,082	1,312,665	16,122,052
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,803,957)	2,246,694	58,655	(2,498,608)
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Asset Dispositions	54,368	-	-	54,368
Transfers from (to) Other Funds	4,634,439	-	85,558	4,719,997
Capital Lease Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	4,688,807	-	85,558	4,774,365
Net Change in Fund Balances	(115,150)	2,246,694	144,213	2,275,757
Fund Balances - Beginning	5,165,842	3,296,513	692,609	9,154,964
Fund Balances - Ending	$ 5,050,692	$ 5,543,207	$ 836,822	$ 11,430,721

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

CITY OF DOUGLAS, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net changes in fund balances - total governmental funds reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds*		$ 2,275,757
Amounts reported for governmental activities in the *Statement of Activities* are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation Expense	(1,405,262)	
Capital Outlay	1,134,161	
		(271,101)
Revenues in the *Statement of Activities* that do not provide current financial resources such as deferred revenue, are not reported as revenues in governmental funds.		233,428
The issuance of Long-Term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of Long-Term debt and related items.		
Debt issued:		
Capital lease	-	
Repayments:	301,803	
Net Adjustment		301,803
Some expenses reported in the *Statement of Activities, such as* compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(24,669)
Change in net position of governmental activities reported in the *Statement of Activities.*		$ 2,515,218

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

CITY OF DOUGLAS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Beginning budgetary fund balance:	$ 5,165,842	$ 5,165,842	$ 5,165,842	
Resources (inflows):				
Taxes	5,242,000	5,392,056	5,471,689	79,633
Intergovernmental Revenues	-	-	23,672	23,672
Licenses & Permits	317,000	317,000	324,546	7,546
Charges for Services	270,044	421,577	325,402	(96,175)
Fines & Forfeitures	400,000	440,000	446,630	6,630
Investment Earnings	7,000	7,000	5,490	(1,510)
Other Revenues/Reimbursements	2,539,375	2,556,375	2,562,919	6,544
Total Revenues	8,775,419	9,134,008	9,160,348	26,340
Other Financing Sources:				
Transfers from Other Funds	4,612,997	4,772,997	4,832,557	59,560
Budgeted Fund Balance		59,199		
Proceeds from Disposition of Assets	-	-	54,368	54,368
Total Other Financing Sources	4,612,997	4,832,196	4,886,925	113,928
Amounts available for appropriation	13,388,416	13,966,204	14,047,273	140,268
Charges to appropriations (outflows):				
General Government				
Mayor & Commission	81,578	81,578	78,910	2,668
City Manager	357,712	357,712	373,739	(16,027)
City Clerk	80,182	80,182	78,638	1,544
Financial Administration	343,412	334,612	409,527	(74,915)
Legislative	266,750	245,750	233,015	12,735
Information Technology	83,384	83,384	76,967	6,417
Human Resources	165,120	165,120	198,661	(33,541)
Customer Service	501,308	494,081	476,969	17,112
Purchasing	185,129	176,629	201,451	(24,822)
General Operations	1,075,724	1,218,304	1,155,072	63,232
Total General Government	3,140,299	3,237,352	3,282,949	(45,597)
Public Safety				
Police				
Administration	493,326	481,826	564,178	(82,352)
Patrol	2,142,424	2,192,667	2,195,471	(2,804)
Records Services	522,074	507,319	492,365	14,954
Standards and Training	235,555	205,555	174,087	31,468
Fire	2,212,078	2,447,144	2,547,574	(100,430)
Haz-Mat	26,550	19,050	16,113	2,937
Animal Control	129,905	131,305	129,760	1,545
Total Public Safety	5,761,912	5,984,866	6,119,548	(134,682)

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

CITY OF DOUGLAS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - (continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Public Works				
Highways and Streets	1,040,398	1,052,318	1,032,431	19,887
General Maintenance	554,324	541,324	506,701	34,623
Vehicle Maintenance	398,953	403,253	394,583	8,670
Cemetary	126,776	127,276	122,401	4,875
Total Public Works	2,120,451	2,124,171	2,056,116	68,055
Culture and Recreation				
Parks and Rec Admin	235,851	243,276	292,395	(49,119)
Golf Course	7,950	7,725	7,606	119
Pool	56,144	55,194	50,152	5,042
Ceramics	55,271	55,486	53,493	1,993
Special Activities	21,376	20,296	17,688	2,608
Athletics	210,679	234,753	228,568	6,185
Teen Center	3,800	2,800	1,906	894
Parks and Rec Capital Purchases	-	32,375	32,374	1
Wellness Center	57,181	57,646	56,349	1,297
Arts Center	33,550	33,200	32,823	377
Central Square Complex	92,570	92,570	89,011	3,559
Museum	22,150	21,093	17,928	3,165
Martin Center	25,250	18,683	16,141	2,542
Park Maintenance	439,010	454,685	463,954	(9,269)
Weir Center	26,850	25,350	22,806	2,544
Total Culture and Recreation	1,287,632	1,355,132	1,383,194	(28,062)
Housing and Development				
Inspections and Permits	95,610	94,825	90,558	4,267
City Planning	12,500	3,610	2,868	742
Code Enforcement	67,655	69,768	68,717	1,051
Grants Administration	206,155	195,984	255,942	(59,958)
Ashley Slater Welcome Center	-	4,932	2,065	2,867
Marketing	260,948	261,650	254,350	7,300
Mainstreet	70,765	70,182	67,191	2,991
Airport	364,489	365,614	380,807	(15,193)
Total Housing and Development	1,078,122	1,066,565	1,122,498	(55,933)
Total Expenditures	13,388,416	13,768,086	13,964,305	(196,219)
Other Financing Uses				
Transfers Out	-	198,118	198,118	-
Total charges to appropriations	13,388,416	13,966,204	14,162,423	(196,219)
Net Changes in Fund Balance	-	-	(115,150)	

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

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

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Nonmajor Proprietary Fund	Totals	Internal Service
ASSETS						
Current Assets:						
Equity in Pooled Cash	$ 754,903	$ -	$ 1,563,499	$ 560,158	$ 2,878,560	-
Equity in Investment Pool	25,655	387,988	1,770,396	928,614	3,112,653	-
Cash	50	35	431,349	-	431,434	200,577
Accounts Receivable	195,602	1,864,744	354,656	165,340	2,580,342	-
Less: Allowance for Doubtful Accounts	(849)	(19,533)	(5,925)	(2,477)	(28,784)	-
Unbilled Accounts Receivable	261,855	1,381,096	444,071	145,347	2,232,369	-
Due From Other Funds	14,917	27,500	66,615	20,491	129,523	289,732
Due from MGAG - Loan Proceeds	770,664	-	-	-	770,664	-
Prepaid Items	4,922	9,538	36,877	5,183	56,520	-
Inventory, at cost	185,739	751,441	141,139	-	1,078,319	-
Restricted Assets:						
Customer Deposits - Equity in Investment Pool	72,120	491,106	250,406	-	813,632	-
Customer Deposits - Certificate of Deposit	22,895	57,239	34,344	-	114,478	-
Total Current Assets	$ 2,308,473	$ 4,951,154	$ 5,087,427	$ 1,822,656	$ 14,169,710	$ 490,309
Noncurrent Assets:						
Investments	$ -	$ 5,042	$ -	$ -	$ 5,042	$ -
Restricted Assets:						
MEAG Trust	-	15,571,247	-	-	15,571,247	-
Other Assets	-	-	-	-	-	-
Capital Assets Not Being Depreciated:						
Land	56,595	28,655	105,993	-	191,243	-
Construction in Progress	438,822	-	-	-	438,822	
Capital Assets, Net of Accumulated Depreciation:						
Buildings and Improvements	29,954	478	24,771	-	55,203	-
Transportation Equipment	58,679	405,290	361,107	479,498	1,304,574	-
Machinery and Equipment	38,550	42,598	459,159	66,368	606,675	-
Computer Equipment	-	25,608	-	-	25,608	-
Distribution System	2,042,573	3,524,650	11,565,248	-	17,132,471	-
Total Noncurrent Assets	$ 2,665,173	$ 19,603,568	$ 12,516,278	$ 545,866	$ 35,330,885	$ -
TOTAL ASSETS	$ 4,973,646	$ 24,554,722	$ 17,603,705	$ 2,368,522	$ 49,500,595	$ 490,309

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Nonmajor Proprietary Fund	Totals	Internal Service
LIABILITIES						
Current Liabilities:						
Accounts and Contracts Payable	$ 310,073	$ 1,966,009	$ 94,659	$ 146,543	$ 2,517,284	$ -
Interfund Payables	-	843,561	-	-	843,561	-
Other Payables	14,901	253,469	21,807	-	290,177	490,309
Accrued Interest Payable	-	-	3,524	-	3,524	
Current Portion of Long Term Debt	93,928	-	355,199	-	449,127	-
Current Portion Estimated Liability for Compensated Absenses	3,056	8,230	12,683	3,721	27,690	-
Current Portion of Capital Leases	-	-	-	43,164	43,164	-
Payable from restricted assets:						
Customer Deposits Payable	94,992	548,345	284,750	-	928,087	-
Total Current Liabilities	516,950	3,619,614	772,622	193,428	5,102,614	490,309
Noncurrent Liabilities:						
Long Term Debt	1,113,072	-	489,155	-	1,602,227	-
Estimated Liability for Compensated Absences	17,314	46,631	71,867	21,085	156,897	-
Capital Leases	-	-	-	44,201	44,201	-
Total Noncurrent Liabilities	1,130,386	46,631	561,022	65,286	1,803,325	-
TOTAL LIABILITIES	1,647,336	3,666,245	1,333,644	258,714	6,905,939	490,309
NET POSITION						
Net Investment in Capital Assets	2,228,837	4,027,279	11,671,924	458,501	18,386,541	-
Unrestricted	1,097,473	16,861,198	4,598,137	1,651,307	24,208,115	-
TOTAL NET POSITION	3,326,310	20,888,477	16,270,061	2,109,808	42,594,656	-
TOTAL LIABILITIES AND NET POSITION	$ 4,973,646	$ 24,554,722	$ 17,603,705	$ 2,368,522	$ 49,500,595	$ 490,309

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

CITY OF DOUGLAS, GEORGIA
RECONCILIATION OF THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total assets and liabilities reported for business-type activities in the Government-wide Statement of Net Position are different because:

Total assets for Statement of Net Position - Proprietary Funds	$ 49,500,595
Elimination of interfund payable relating to pooled cash overdraft reflected as due to other funds	(843,561)
Total assets for Statement of Net Position - Business-type Activities	$ 48,657,034
Total liabilities for Statement of Net Position - Proprietary Funds	$ 6,905,939
Elimination of interfund payable relating to pooled cash overdraft reflected as due to other funds	(843,561)
Total liabilities for Statement of Net Position - Business-type Activities	$ 6,062,378

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

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Nonmajor Proprietary Fund	Totals	Internal Service
OPERATING REVENUES						
Charges For Sales & Service	$ 5,596,209	$ 25,701,270	$ 7,178,420	$ 2,935,607	41,411,506	$ -
Cut-in Charges	2,125	65,510	7,246	-	74,881	-
Penalties	13,584	188,550	64,591	35,869	302,594	-
Other	300,096	3,260,645	59,338	-	3,620,079	3,448,647
Total Operating Revenues	5,912,014	29,215,975	7,309,595	2,971,476	45,409,060	3,448,647
OPERATING EXPENSES						
Cost of Sales and Services	3,858,207	19,150,626	-	1,614,308	24,623,141	-
Administration & Operating	937,759	3,025,826	5,023,952	897,258	9,884,795	3,448,732
Depreciation	170,958	346,887	1,256,557	111,219	1,885,621	-
Total Operating Expenses	4,966,924	22,523,339	6,280,509	2,622,785	36,393,557	3,448,732
Operating Income (Loss)	945,090	6,692,636	1,029,086	348,691	9,015,503	(85)
NONOPERATING REVENUES (EXPENSES)						
Interest Revenue	141	469,903	3,525	1,109	474,678	85
Interest Expense	-	-	(42,866)	(2,708)	(45,574)	-
Total Nonoperating Revenues (Expenses)	141	469,903	(39,341)	(1,599)	429,104	85
Net Income (Loss) before Contribution and Transfers	945,231	7,162,539	989,745	347,092	9,444,607	-
TRANSFERS/CONTRIBUTIONS:						
Capital Contributions	33,107	-	435,828	124,874	593,809	
Transfer from (to) Other Funds	(463,679)	(3,685,526)	(570,792)	-	(4,719,997)	-
Change of Net Position	514,659	3,477,013	854,781	471,966	5,318,419	-
Total Net Position - Beginning of Year	2,811,651	17,411,464	15,415,280	1,637,842	37,276,237	-
Total Net Position - End of Year	$ 3,326,310	$ 20,888,477	$ 16,270,061	$ 2,109,808	$ 42,594,656	$ -

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Nonmajor Proprietary Fund	Totals Current Year	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	$ 5,991,654	$ 29,181,061	$ 7,233,176	$ 2,974,758	$ 45,380,649	$ -
Cash Paid to Suppliers	(4,221,695)	(21,282,362)	(2,948,629)	(2,010,214)	(30,462,900)	-
Cash Paid to Employees	(469,806)	(867,594)	(1,995,900)	(504,236)	(3,837,536)	-
Cash Received from Interfund Services Provided	33,838	92,284	34,944	-	161,066	3,560,882
Cash Paid for Interfund Services Provided	(36,824)	(34,391)	(89,851)	-	(161,066)	(3,391,347)
Net Cash Provided (Used) by Operating Activities	1,297,167	7,088,998	2,233,740	460,308	11,080,213	169,535
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Pooled Cash Borrowing from General Fund	-	843,561	-	-	-	
Transfers In (Out)	(463,679)	(3,685,526)	(570,792)	-	(4,719,997)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(463,679)	(2,841,965)	(570,792)	-	(3,876,436)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds of Notes Payable	436,336	-	-	-	436,336	-
Purchase of Capital Assets	(522,923)	(246,037)	(1,060,643)	(124,874)	(1,954,477)	-
Principal Payments on Note Payable	-	-	(433,656)	(42,152)	(475,808)	-
Interest Paid	-	-	(42,866)	(2,708)	(45,574)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(86,587)	(246,037)	(1,537,165)	(169,734)	(2,039,523)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (Purchase) of Investments	-	-	431,349	-	431,349	-
Receipts of Interest and Dividends	141	469,903	3,525	1,109	474,678	85
Net Cash Provided (Used) by Investing Activities	141	469,903	434,874	1,109	906,027	85
Net Increase (Decrease) in Cash and	747,042	4,470,899	560,657	291,683	6,070,281	169,620
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	128,581	12,041,758	3,489,337	1,197,089	16,856,765	30,957
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 875,623	$ 16,512,657	$ 4,049,994	$ 1,488,772	$ 22,927,046	$ 200,577

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Nonmajor Proprietary Fund	Totals	Internal Service
CASH AND CASH EQUIVALENT - END OF YEAR						
Unrestricted	$ 780,608	$ 393,065	$ 3,765,244	$ 1,488,772	$ 6,427,689	$ 200,577
Restricted	95,015	16,119,592	284,750	-	16,499,357	-
Total	875,623	16,512,657	4,049,994	1,488,772	22,927,046	200,577
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	945,090	6,692,636	1,029,086	348,691	9,015,503	(85)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	170,958	346,887	1,256,557	111,219	1,885,621	-
Amortization Expense	-	-	-	-	-	-
(Increase) Decrease in Accounts Receivable	169,291	135,360	17,323	2,142	324,116	-
(Increase) Decrease in Unbilled Accounts Receivable	(55,814)	(77,990)	(70,649)	(5,424)	(209,877)	-
(Increase) Decrease in Interfund Receivables	(4,157)	(7,324)	(18,186)	(5,716)	(35,383)	112,235
(Increase) Decrease in Inventory	8,169	(88,390)	64,384	-	(15,837)	-
(Increase) Decrease in Prepaid Items	(4,922)	(9,538)	(20,879)	(5,183)	(40,522)	-
Increase (Decrease) in Estimated Liability for Compensated Absences	(384)	9,054	7,547	2,012	18,229	-
Increase (Decrease) in Accounts Payable	70,291	(44,056)	(55,347)	12,567	(16,545)	-
Increase (Decrease) in Customer Deposits	(1,700)	19,959	2,097	-	20,356	-
Increase (Decrease) in Other Payable	345	112,400	21,807	-	134,552	57,385
Net Cash Provided (Used) by Operating Activities	$ 1,297,167	$ 7,088,998	$ 2,233,740	$ 460,308	$ 11,080,213	$ 169,535

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

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The accounting methods and procedures adopted by the City of Douglas, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Annual Financial Report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Incorporated in 1895, under the laws of the State of Georgia, the City of Douglas is governed by a six member Mayor/Council form of government. The mayor is elected to a four-year term, and council members are elected to staggered four-year terms. The Mayor serves as the Chief Executive Officer and the other six council members serve on a part-time basis. The Mayor is assisted by a city manager to handle the daily operations of the City.

The financial statements of the City of Douglas, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's major operations include social services, public safety, fire protection, culture-recreation, regulation and control of the water, sewer, electricity, and sanitation system, highways and streets, public works maintenance and general administrative services.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement including the following:

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations. A comparative analysis of financial information is presented in the MD&A.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The financial statements of the reporting entity include those of the City of Douglas (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of the City of Douglas, Georgia (the primary government) and its component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name);
- The City holds the corporate powers of the organization;
- The City appoints a voting majority of the organization's board;
- The City is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit/burden on the City;
- There is fiscal dependency by the organization on the City;

Blended Component Units - Based on the GASB criteria, the City has no entities that quality as blended component units.

Discretely presented component units: Based on the aforementioned criteria, the only component unit of the city is the Downtown Development Authority. See Note Below.

Downtown Development Authority

The purpose of the Downtown Development Authority (DDA) is developing and revitalizing of downtown and facilitate loans between banks and property owners. The revitalization of DDA is governed by seven directors which are appointed by the City Commission. The Mayor, City Manager, Director of Community Development and the Executive Secretary of The Douglas-Coffee County of Commerce act as advisory members. City employees act as record keepers of the DDA.

The Downtown Development Authority did not issue separate Component Unit Financial Statements. The financial information for the Downtown Development Authority is not presented in this report because the amounts are immaterial to the financial statements of City of Douglas, Georgia.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses, such as charges for services and cost of services and administration, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items not meeting these definitions are reported as nonoperating revenues or expenses, and/or result from nonexchange transactions or ancillary activities.

The City reports the following **major** governmental funds:

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

Splost 2012 – This fund accounts for tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax beginning in 2012.

City reports the following **major** proprietary funds:

Electric System – This fund accounts for user fees and expenses for the electric services provided to the citizens of the City.

Water and Sewer System – The water and sewer fund accounts for the operation and maintenance of the City's water and sewer services.

Gas System – The gas fund account for the operation and maintenance of the City's gas services.

The City reports the following nonmajor proprietary funds:

Sanitation System – The sanitation fund accounts for the operation and maintenance of the City's sanitation services.

Additionally the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Internal Service Fund – The Internal Service Fund accounts for the City's self-insured worker's compensation and health insurance claims. Charges are allocated back out to the various funds and departments on a pro-rata basis.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All business-type activities and proprietary funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The government has elected not to follow subsequent private-sector guidance.

C. Budgets and Budgetary Accounting

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

1. In May, a proposed operating budget for the fiscal year commencing July 1 is submitted to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgetary amounts between line items within a fund can be done with the approval of the City Administrator. Transfer of amounts between each department of each fund must be approved by the City Commission. This is the legal level of budgetary control.
5. The funds obtained from any source may be used for any appropriations named in said budget, except funds specifically restricted by City ordinance or State law.
6. The City does employ the use of encumbrance accounting.
7. Unexpended appropriations lapse at the end of the year.
8. At the end of the fiscal year, all amendments to the budget are approved through passage of an ordinance.

D. Encumbrances

The City of Douglas does use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation.

E. Cash, Investments and Cash Equivalents

Cash consists of demand deposits held in banks. Any bank deposits in excess of FDIC insured amounts must be secured by an equivalent amount of State of Georgia or U.S. obligations or direct loans to the City. For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or governmental agency
- Prime banker's acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

State Statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The acceptable collateral pledged in the City's name is composed of bonds of U.S. Government agencies and bonds of the State of Georgia and its public authorities, counties, and municipalities.

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. Obligations.

F. Receivables

All trade and property tax receivables are reported net of allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at June 30, 2014. The delinquent taxes receivable account represents the past seven years of uncollected tax levies.

G. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

H. Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental and proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items are recorded as an expenditures in the governmental fund types when purchased (i.e., the purchasing method). Inventories of the proprietary funds are expensed when consumed.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items at both reporting levels using the consumption method by recording as asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level and equal amount of fund balance is reserved as this amount is not available for general appropriation.

J. Restricted Assets

Restricted assets represent resources segregated as required by bond ordinances, lease agreements and policies of the City.

K. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of Net Positions but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of Net positions and in the proprietary

funds' statement of Net Positions. All general infrastructure assets acquired or constructed after June 30, 2003 have been reported in government-wide financial statements. In implementation of GASB Statement 34 infrastructure assets, the city has elected to limit its transition capitalization to street projects that resulted in acquisition, construction, or significant reconstruction or improvements since June 30, 1980. The city has made use of historical cost records and using normal depreciable lives to add infrastructure assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, curbs, and gutters, sidewalks, bridges, drainage, traffic signals, water and sewer lines and the electric distribution systems. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the proprietary funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Lives		
Asset Class	Governmental Activities	Business-type Activities	Component Unit
Buildings, Plants, Tanks	20-50 Years	20-50 Years	---
Improvements other than buildings	15-25 Years	15-25 Years	---
Utility systems	---	20-50 Years	---
Machinery and equipment	5-25 Years	5-25 Years	5-10 Years
Vehicle	4-6 Years	4-6 Years	5-10 Years
Infrastructure	30-60 Years	30-60 Years	---

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

L. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual sick leave. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Up to 720 hours of unused sick leave may be accumulated. Sick leave pay has been accrued in the Proprietary Funds. In accordance with the provisions of GASB Statement 11, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Unused vacation leave rights expire at the end of the year in which earned. All compensated absence liabilities include salary-related payments, where applicable. Vested or accumulated sick leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the government fund that is responsible for the payment.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences, claims and unfunded pension benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements "when due".

N. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type

statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. At government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

O. 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 balances may be 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 Council or through external restriction imposed by creditors, grantors, or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the City Council may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year end that is included in the subsequent year's budget is reported as assigned.
- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports a positive unassigned fund balance only in the general fund.

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used 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, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, plus any outstanding balances of borrowing not yet expended, but restricted for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All remaining net position is reported as unrestricted.

Net Position Flow Assumption - In order to report net position as a restricted net position and an unrestricted net position in the government wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted net position first before using unrestricted net position

P. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the City, these revenues are charges to customers for water and sewerage services, electricity, gas, and services for solid waste management. The Water and Sewer Fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including operating grants, investment earnings and interest expense.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 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.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported below general revenues as the last item before the change in Net positions. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

The general fund charges each of the proprietary funds for specific payroll and other administrative costs that relate to these funds. The proprietary funds report these expenses as interfund allocations and the general fund records these payments as revenue (i.e., charges for services) at the fund reporting level.

However, on the government-wide statement of activity, the proprietary funds' payments that the general fund receives are offset against the appropriate expense function. As a result, the costs are appropriately charged in the proprietary funds and there is no duplicated reporting on the government-wide financial reporting level.

S. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

The individual departments which had expenditure in excess of appropriations are as follows:

	Expenditures	Appropriations	Variance
General Fund:			
General Government:			
City Manager	$ 357,712	$ 373,739	$ (16,027)
Financial Administration	334,612	409,527	(74,915)
Human Resources	165,120	198,661	(33,541)
Purchasing	176,629	201,451	(24,822)
Public Safety:			
Police Administration	481,826	564,178	(82,352)
Police Patrol	2,192,667	2,195,471	(2,804)
Fire	2,447,144	2,547,574	(100,430)
Culture and Recreation:			
Parks and Rec Administration	243,276	292,395	(49,119)
Park Maintenance	454,685	463,954	(9,269)
Housing and Development:			
Grants Administration	195,984	255,942	(59,958)
Airport	365,614	380,807	(15,193)

* The City incurred expenditures in excess of appropriations due to the subsequent event disclosed in Note 25 of these financial statements.

NOTE 3: CASH AND INVESTMENTS

The City's deposits and investments include cash on deposit with financial institutions, cash equivalents, including money market accounts, cash invested in the State of Georgia's local government investment pool, Georgia Fund One and investments authorized by State Statutes and City ordinances. Cash investments are carried at book value (cost) which approximates fair market value.

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or Government Agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

According to the Office of the State Treasurer in accordance with 2010 Senate Bill 296; all deposits must be secured by certain statutory obligations in an amount equal to 110% of uninsured deposits. As of June 30, 2014 the City was not undercollateralized at any financial institutions.

The City has $7,918,061invested in the Georgia Fund I. Georgia Fund I, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAA rated money market funds. However, Georgia Fund I operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is managed by the Georgia Office Treasury and Fiscal Services.

The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

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 accruing from increasing interest rates.

CONCENTRATION OF CREDIT RISK

The City's investment policy provides that the City will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

By Instrument

	Maximum %
U.S. Treasury Obligations	75%
U.S. Government Agencies	75%
Certificate of Deposit (Commercial Banks)	75%
(Savings & Loans)	10%
Local Government Investment Pool (State Sponsored)	75%

By Institutions

Certificates of Deposit in Commercial Banks – no more than 25% of total investment with any one institution.

More than 5% of the City's investments are invested in individual commercial banks. These investments are 97% of the City's total investments.
The City has more than 25% of its investment in one institution.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital Assets, not being depreciated:				
Land	$ 4,380,801	$ -	$ -	$ 4,380,801
Assets Not in Use	-	-	-	-
Construction in Progress	2,082,419	590,948		2,673,367
Total Capital Assets, not being Depreciated	6,463,220	590,948	-	7,054,168
Capital Assets, Being Depreciated:				
Building and Improvements	16,029,956	73,281	-	16,103,237
Furniture and Fixtures	53,000	-	-	53,000
Transportation Equipment*	3,730,492	152,505	(468,943)	3,414,054
Office Equipment*	213,872	5,632	(33,963)	185,541
Infrastructure	8,479,654	224,563	-	8,704,217
Appliances	5,919	-	-	5,919
Machinery and Equipment*	2,959,387	87,231	(205,717)	2,840,901
Computer Equipment	74,420	-	-	74,420
Total Capital Assets, Being Depreciated	31,546,700	543,212	(708,623)	31,381,289
Less Accumulated Depreciation:				
Buildings and Improvements	7,112,442	667,036	-	7,779,478
Furniture and Fixtures	53,000	-	-	53,000
Transportation Equipment*	3,053,072	243,789	(468,943)	2,827,918
Office Equipment*	179,748	17,102	(33,963)	162,887
Infrastructure, Retroactive Implementation	3,209,150	306,732	-	3,515,882
Appliances	5,919	-	-	5,919
Machinery and Equipment*	1,940,602	163,019	(205,717)	1,897,904
Computer Equipment	66,836	7,584	-	74,420
Total Accumulated Depreciation	15,620,769	1,405,262	(708,623)	16,317,408
Total Capital Assets, Being Depreciated, Net	15,925,931	(862,050)	-	15,063,881
Governmental Activities Capital Assets, Net	$ 22,389,151	$ (271,102)	$ -	$ 22,118,049

* Opening balances restated with prior year decreases correctly adjusted

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	$ 191,243	$ -	$ -	$ 191,243
Construction in Progress	-	438,822	-	438,822
Total Capital Assets, not being Depreciated	191,243	438,822	-	630,065
Capital Assets, being Depreciated				
Buildings and Improvements	80,804	23,140	-	103,944
Transporation Equipment	1,708,551	998,852	(9,077)	2,698,326
Machinery and Equipment	1,657,517	-	(56,354)	1,601,163
Computer Equipment	134,994	25,740	-	160,734
Distribution Plant and Other Improvements	29,271,580	765,601	-	30,037,181
Total Capital Assets, being Depreciated	32,853,446	1,813,333	(65,431)	34,601,348
Less Accumulated Depreciation:				
Buildings and Improvements	44,012	4,729	-	48,741
Transporation Equipment	1,136,056	266,773	(9,077)	1,393,752
Machinery and Equipment	898,798	152,044	(56,354)	994,488
Computer Equipment	131,256	3,870	-	135,126
Distribution Plant and Other Improvements	11,446,505	1,458,204	-	12,904,709
Total Accumulated Depreciation	13,656,627	1,885,621	(65,431)	15,476,817
Total Capital Assets, Being Depreciated, Net	19,196,819	(72,288)	-	19,124,531
Business-type Activities Capital Assets, Net	$ 19,388,062	$ 366,534	$ -	$ 19,754,596

Depreciation Expense was charged to Governmental Activities as follows:

General and Administrative	$ 392,537
Public Safety	271,236
Public Works	67,900
Culture and Recreation	402,214
Housing and Development	271,375
Total	$ 1,405,262

NOTE 5: DUE FROM OTHER GOVERNMENTS

Receivables from other governments as of June 30, 2014, are as follows:

GENERAL FUND	
State of Georgia - Local Option Sales Tax	$ 124,447
Total Receivables	$ 124,447

NOTE 6: INTERFUND BALANCES AND ACTIVITY

The City has interfund receivables and payables at June 30, 2014 as follows:

Balances due to/from other funds	Interfund Receivables	Interfund Payables
GOVERNMENTAL FUNDS:		
Major Funds:		
General Fund	$ 848,701	$ 419,255
Nonmajor Governmental Funds	-	5,140
INTERNAL SERVICE FUNDS	289,732	-
ENTERPRISE FUNDS:		
Major Funds:		
Gas Fund	14,917	-
Electric Fund	27,500	843,561
Water & Sewer Fund	66,615	-
Nonmajor Funds	20,491	-
Total	$ 1,267,956	$ 1,267,956

The outstanding balances between funds results mainly from balances due in relation to the Internal Service Fund providing services to the various other funds. These balances are adjusted on an annual basis based on the balances calculated at year end.

The balance due between the General Fund and Non-major Governmental fund results solely from amounts due to the General Fund for expenses relating to a reimbursing grant.

The balance due to the General Fund from Electric Fund results solely from a pooled cash deficit incurred by the Electric Fund and covered by the General Fund. The City is currently working to reverse this deficit.

NOTE 7: RESTRICTED ASSETS

Restricted assets reported in the Proprietary Funds are cash and investments restricted by ordinance or City policy for customer deposits, by bond covenants, or by special agreement with the MEAG Trust. The following is a summary of the balances in these accounts:

Customer Deposits:	
Natural Gas Fund	$ 95,015
Electric Fund	548,345
Water and Sewer Fund	284,750
Total Customer Deposits	$ 928,110
MEAG Trust	
Generation Trust Account	$ 5,384,560
Flexible Operating Account (Intermediate Extended Maturity)	3,971,273
Flexible Operating Account (Intermediate)	1,752,289
Flexible Operating Account (Short-term)	4,463,125
Total MEAG Flexible Trust	$ 15,571,247

NOTE 8: LONG-TERM OBLIGATIONS

A. Governmental Activities Debt – The following is a summary of the outstanding debt of the City's governmental activities:

Note payable to One Georgia Authority Equity Fund in the original amount of $100,000 bearing interest at 0.0%. The balance of the note was $58,750 at June 30, 2014. The note provides for quarterly principal and interest payments of $1,250 beginning the earliest of 70% occupation of the Airport building or January 1, 2008. If the City is unable to make payments the debt will be forgiven; however the City believes funds will be available to make the payments.

Debt service requirements for the general obligation note payable is as follows:

	Note Payable		
	Principal	Interest	Total
2015	6,250	-	6,250
2016	5,000	-	5,000
2017	5,000	-	5,000
2018	5,000	-	5,000
2019	5,000	-	5,000
2020-2024	25,000	-	25,000
2025-2026	7,500	-	7,500
Total	$ 58,750	$ -	$ 58,750

B. Business-type activities

Notes Payable

Note payable to Georgia Environmental Facilities Authority in the original amount of $2,205,552 bearing interest at 4%. The balance of the loan was $118,176 at June 30, 2014. The loan calls for quarterly payments of principal and interest of $40,183 through February 2014. Proceeds were used for construction of water and sewer system. As of June 30, 2014 this note payable was paid in full.

Note payable to State Revolving Loan Fund in the original amount of $4,572,292 bearing interest at 4%. The balance of the loan was $637,400 at June 30, 2014. The loan calls for quarterly payments of principal and interest of $83,302 through June 2016. Proceeds were used for construction of water and sewer system.

Note payable to State Revolving Loan Fund in the original amount of $692,717 bearing interest at 4%. The balance of the loan was $206,955 at June 30, 2014. The loan calls for quarterly payments of principal and interest of $12,621 through November 2018. Proceeds were used for construction of water and sewer system.

Note payable to the Municipal Gas Authority of Georgia (MGAG) in the original amount of 1,207,000 bearing interest at 3.5%. The balance of the loan was $1,207,000 at June 30, 2014. The loan calls for monthly payments of principle and interest of 11,936 through July 2024. Proceeds were used for the construction of a new compressed natural gas dispensing facility.

Debt Service Requirements

Debt service requirements for the Notes Payable are as follows:

	Notes Payable		
Year Ending June 30,	Principal	Interest	Total
2015	449,127	65,853	514,980
2016	475,580	51,336	526,916
2017	156,117	37,591	193,708
2018	161,903	31,808	193,711
2019	142,537	25,931	168,468
2020-2024	654,224	61,911	716,135
2025	11,866	35	11,901
Total	$ 2,051,354	$ 274,465	$ 2,325,819

C. Capital Leases

The City has entered into various lease-purchase agreements in the General Fund and Proprietary Funds to finance the acquisition of several assets. The leases are for periods of two to ten years at interest rates ranging from 3% to 6.5%. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The amortization expense related to these transactions has been appropriately recorded in depreciation expense. The following is an analysis of building, equipment, and vehicles leased under capital leases as of June 30, 2014:

	Governmental Activities		Business-Type Activities	
	Carrying Value	Gross Amount	Carrying Value	Gross Amount
Vehicles	$ 131,331	$ 130,563	$ -	$ -
Equipment	-	-	87,365	151,718
Totals	$ 131,331	$ 130,563	$ 87,365	$ 151,718

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments June 30, 2014:

For year ending June 30,	Governmental Activities	Enterprise Funds
2015	30,313	44,860
2016	30,313	44,860
2017	30,313	-
2018	30,313	-
2019	22,735	-
Total minimum lease payments	$ 143,987	$ 89,720
Less amount representing interest	(12,656)	(2,355)
Present value of future minimum lease payments	$ 131,331	$ 87,365

D. Compensated Absences

Governmental activities:
Accumulated sick pay obligation and related social security as of June 30, 2014, amounted to $622,057. This amount is shown as a long-term liability on the entity-wide statements.

Business-type activities:

Accumulated sick pay obligation and related social security as of June 30, 2014 amounted to $184,587. This amount is shown as a long-term liability on the entity-wide statements.

Compensated Absences in prior years were considered current liabilities. Compensated Absences starting with the year ended June 30, 2006, are considered long-term liabilities. The compensated liability is normally liquidated by the fund from which the employee is paid, which has historically been the general fund, electric department, or water and sewer department.

E. Long-term liability activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Loan Payable	$ 63,750	$ -	$ 5,000	$ 58,750	$ 5,000
Capital Leases	428,134	-	296,803	131,331	25,748
Compensated Absences	597,388	24,669	-	622,057	93,310
Total	$ 1,089,272	$ 24,669	$ 301,803	$ 812,138	$ 124,058
Business Type activities:					
Notes Payable	1,303,869	1,207,000	459,515	2,051,354	449,127
Capital Leases	129,517	-	42,152	87,365	43,164
Compensated Absences	166,359	18,228	-	184,587	27,690
Total	$ 1,599,745	$ 1,225,228	$ 501,667	$ 2,323,306	$ 519,981

NOTE 9: CONTINGENCIES AND COMMITMENTS

A. Grants

The City receives grant funds, principally from the U.S. Government for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures.

B. Litigation

The City is a defendant in various lawsuits. The City records liabilities resulting from claims and legal actions only when they become probable and measurable. No additional accrual or disclosure of these lawsuits is required.

C. Commitments

Agreement with the Municipal Electric Authority of Georgia

In 1975, the City of Douglas entered into a contract with the Municipal Electric Authority of Georgia (MEAG). The purpose of the agreement was to secure electric power supply from MEAG. MEAG consented to provide this power supply to the City of Douglas in return for the City's promise to pay its share of MEAG's cost of generating and transmitting electrical power.

The term of the contract will continue in full force until such time, not exceeding fifty years, as all MEAG's bonds and the interest thereon have been paid or provision for payment has been made or until such time as the MEAG Project is retired from service, whichever is later.

MEAG has issued bonds to generate funds for the purpose of building generation and transmission plants. Each participant, such as the City of Douglas, is responsible for their pro-rata share of those bonds until they are paid or deferred. The City's guarantee varies by individual projects undertaken by MEAG and is approximately $155,401,828.
During fiscal year 1999, the City of Douglas Council voted to accept the offer from MEAG in a Municipal Competitive Trust (the Trust).

The Trust was created by MEAG in anticipation of future deregulation of the electric industry which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electric systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Douglas. MEAG expects that after such legislation is effective, market rates for power will result which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust to deposit funds to be invested at the best prudent rates of return and be applied, in accordance with the provisions of the Trust, to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Douglas, and within the account creates the following sub-accounts in which the City of Douglas participates:

1. Reserve Funded Debt Trust Account – The source of funding for this sub-account was the bond reserve funds accumulated from bond proceeds over the years. The bond reserves were released by the bond holders from the lien of the bond resolutions after substitution of a surety bond in lieu of cash funded bond reserves. The majority of the funds in the Municipal Competitive Trust are deposited in this sub account.

   The funds deposited in this sub account may be utilized by a City after deregulation, with the written consent of MEAG, only for the purpose of applying such funds to the outstanding balance of the City's current monthly billing relating to its entitlement or obligation share under the Power Sales Contract of MEAG's Annual Project Generation Fixed Charges. Otherwise, after December 31, 2025, each City may have any funds remaining in its Reserve Funded Debt Trust Account applied to any remaining obligations for debt service, or disbursed to the Utility and City if its obligations for debt service are fulfilled.

   The City had a balance in this account of $6,700,519 and $8,333,692 as of June 30, 2014 and 2013, respectively.

2. Credit Support Operating Trust Account – This type of sub-account may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds.

   According to Trust provisions, the City has the following withdrawal rights with respect to this fund:

   Prior to the anticipated actual deregulation date, the City shall have the right to cause the Trustee to use funds from the Credit Support Operating Trust Account to reduce, or as credit against, its monthly billings (i) to mitigate wholesale rate increases which have an impact of greater than 20% on the City's wholesale cost in any year, (ii) to mitigate the adverse impact of any wholesale cost increase which results from the phase-out of special rates in any year, and (iii) to mitigate the impact of wholesale costs which exceed the system average whole costs by more than 20% in any year, all as set forth in a certificate of the City and MEAG.

   The City also has the right to borrow, if certain conditions are met, part or all of the funds in the Credit Support Operating Trust Account for the purpose of paying the cost of any capital expenditure, provided that the City executes and delivers to the Trustee a promissory note and such other documents reasonably satisfactory to MEAG in which the City agrees to repay the withdrawn amount to the Trustee.

   The City had a balance in this account of $408 and $749,460 as of June 30, 2014 and 2013, respectively.

3. Flexible Operating Trust Accounts – This type of sub-account may be funded from contributions by the City, from the City's Discretionary Reserve Fund with MEAG, or from any other available funds.

   According to the Trust provisions, the City has the following withdrawal rights with respect to this fund:

   The City has, at any time, the right to withdraw part or all funds from the Flexible Operating Trust Account.

   The City had a balance in this account of $10,186,687 and $8,530,363 as of June 30, 2014 and 2013, respectively. This amount is included in restricted investments in the electric fund.

4. Generation Trust Account – This type of sub-account may be funded from contributions by the City, or from any other the other MEAG trust account.

   The City's access to this account is restricted to withdrawals for new generation projects or to mitigate wholesale rate increases.

The City had a balance of $5,384,560 and $5,151,232 as of June 30, 2014 and 2013, respectively. This amount is included in restricted investments in the electric fund.

Georgia Public Web

In May of 1996, in conjunction with the aforementioned power sales contract, the City entered into an additional contract with MEAG, whereby the City agrees to participate in MEAG's Telecommunications Project (Georgia Public Web) for a period not to exceed fifty years. In the event that the City is unable to make any of its annually determined payments for use of the communication system, the City has agreed to assess and collect property taxes sufficient to provide such funds for the remainder of the life of this contract. In the year ended June 30, 2008, the City chose to pay off their pro-rata share of the bonds and to treat the entire payment of $770,851 as a current Special Item on the Statement of Revenues, Expenses, & Changes in Fund Balance.

Agreement with The Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City, which costs of the gas supply and interest on MGAG's bonds. These obligations, which extend through the year 2016, are general obligations of the City of which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply.

NOTE 10: 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. The City has established a Self-Insurance Fund (internal service fund) and Workers Compensation Fund (internal service fund) to account for its self-insured risks of loss related to workers' compensation and health claims (with stop loss or excess coverage purchased when available). The commercial insurance provides for the transfer of risk from the City for all other major programs. The City's risk is constituted by a $1,000 deductible for each occurrence. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts did not exceed insurance coverage for the previous three years.

NOTE 11: CONTRIBUTED CAPITAL-PROPRIETARY FUNDS

The following is a summary of additions to contributed capital for the City's Proprietary Funds during the year ended June 30, 2014:

	Contributions From Federal Govt. After 6/30/79	Contributions From Other Governments	Contributions From Other City Sources/ Funds	Contributions From Water & Sewer Impact Fees
Natural Gas Fund				
Balance, July 1, 2013	$ 12,694	$ 18,767	$ -	$ -
Current Year Additions	-	-	33,107	-
Balance, June 30, 2014	$ 12,694	$ 18,767	$ 33,107	$ -
Electric Fund				
Balance, July 1, 2013	$ 269,663	$ -	$ -	$ -
Current Year Additions	-	-	-	-
Balance, June 30, 2014	$ 269,663	$ -	$ -	$ -
Water & Sewer Fund				
Balance, July 1, 2013	$ 2,413,862	$ 194,829	$ 164,743	$ 902,940
Current Year Additions	-	-	435,828	
Balance, June 30, 2014	$ 2,413,862	$ 194,829	$ 600,571	$ 902,940
Non-Major Propietary Fund				
Balance, July 1, 2013	324,259	-	-	-
Current Year Additions	-	-	124,874	-
Balance, June 30, 2014	324,259	-	124,874	-

NOTE 12: VEHICLE MAINTENANCE AND CENTRAL PURCHASING/WAREHOUSE DEPARTMENTS – GENERAL FUND

For this and prior fiscal years, these departments have been treated as budgeted departments of the general fund rather than as separate internal service funds. All expenses of these departments are budgeted in the general fund except for repairs and maintenance, parts, supplies and other direct costs which are budgeted to the individual operating departments. Vehicle parts and supplies and inventory items purchased by the City are charged to these departments initially and then charged out to the various departments as used.

NOTE 13: CONTINGENT ASSETS

The City of Douglas has an asset whose estimated value is not recognized on the books in accordance with accounting procedures for Community Development Grant Funds (Special Revenue Funds). This asset, when sold or realized, will result in Program Income which is subject to Federal regulations before it can be expended. Contingent assets at June 30, 2014 include:

Asset	Estimated Amount	Orginal Source of Asset
Land - N. Madison Ave.	$ 2,300	HUD-CDBG/Small Cities
Land - Lonnie Street	2,000	DCA CDBG/Small Cities
Land- Lonnie Street	2,000	DCA CDBG/Small Cities
Total	$ 6,300	

NOTE 14: PENSION PLAN

The City provides retirement benefits for substantially all of its employees under a revised noncontributory pension plan adopted March 28, 1977, City of Douglas Retirement Plan. The City of Douglas Retirement Plan is a participating member of the Georgia Municipal Employees Benefit System (GMEBS) Defined Benefit Plan, an agent multiple employer public employee retirement system. The (GMEBS) issues a stand-alone financial report that may be obtained from the Georgia Municipal Association.

Employees are eligible for the City of Douglas Retirement Plan after having worked for 1 year and at least 20 hours per week during that one year. Elected officials are not eligible for the retirement plan.

Members can retire when age at retirement plus years of service equals ninety. The plan also provides death benefits; however, only participants who have completed 5 years of credited service are eligible to designate a beneficiary to receive death benefits. The plan provisions are adopted by the governing body of the city within the options available in the Public Retirement Systems Standards Laws and within the actuarial constraints also in the statutes.

The Significant Actuarial Assumptions:

The significant actuarial assumptions used to compute the pension obligation are the same as those used to compute the actuarially determined contribution requirements of the plan.

The significant actuarial assumptions used in the current valuation are:

- Rate of return on investment	7.75% per year
- Projected salary increase for	
Inflation	3.5% per year
Merit or seniority	0.5% per year
- Post-retirement benefit increases	3.5%

Funding Policy and Annual Contributions

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The annual recommended contributions is the sum of (1) the normal cost, (2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1982 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), (3) interest on these amounts from the valuation date to the date the contributions are paid. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. These amortization periods, if applicable, are closed for this plan year.

The City of Douglas Retirement Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law which requires an estimate minimum annual contribution. The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimized fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan.

The contribution rate for the employees is 1.50% after 5 years of credited service.

As of the January 1, 2014 actuarial valuation of the City of Douglas Retirement Plan, the City's contributions for 2014 were based on covered payroll of $6,448,469. The City made the recommended contribution of $1,544,081 or 23.55% of the covered payroll.

The Effect of Plan Changes on the Actuarial Accrued Liability:

The effect on the actuarial accrued liability of any current year changes in actuarial assumptions or benefit provisions is:

The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

Effect of Plan Changes on Recommended Contributions:

The effect on the recommended contributions of any current-year changes in actuarial assumptions, benefit provisions or actuarial funding method is:

The plan provisions valued and the actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

Current Plan Membership:

As of January 1, 2014, the current plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	133
Terminated employees entitled to benefits but not yet receiving them	26
Current active emploees:	
-vested	101
-nonvested	102
Total membership in the plan	362

Historical Trend Information:

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found in the annual report issued by the Georgia Municipal Employees Benefit System. The table below sets forth supplementary information required to be disclosed in the plan's financial statements. The items presented are based on the January 1, 2014, January 1, 2013, and January 1, 2012 actuarial valuations:

	2014	2013	2012
- Actuarial value of assets	$ 29,126,030	$ 27,805,527	$ 26,680,870
- Actuarial accrued liability	35,847,155	34,797,922	31,374,640
- Percentage funded	81.3%	79.9%	85.0%
- Unfunded actuarial accrued liability	6,721,125	6,992,395	4,693,770
- Employer contributions	1,544,081	1,576,337	1,602,734
- Annual covered payroll	6,448,169	6,090,874	7,036,182
- Unfunded as a percentage of covered payroll	104.2%	114.8%	66.7%
- Employer contributions as a percentage of covered payroll	23.9%	25.9%	22.8%
- Annual pension cost	1,544,081	1,576,337	1,602,734
- Percentage of annual pension cost contributed	100%	100%	100%

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

Sources of Valuation Data

Asset Data: The Georgia Municipal Employees Benefit System has supplied all asset data used in the valuation. The market value of assets is the current value of assets on the valuation data.

NOTE 15: DEFERRED COMPENSATION PLAN

The City maintains a deferred compensation plan which is available to all employees. The Public Employees Benefit Services Corporation (PEBSCO) is the independent plan administrator. The plan, which complies with Section 457 of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments), has been approved by a private letter ruling from the Internal Revenue Service. Employees who choose to participate may elect the amount of their contributions, within legal limits, and defer federal income taxation on that portion of their salaries and the earnings thereon.

The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Under the revised terms of IRC Section 457, the employee's contributions and all income attributable to the investment of such amounts have been placed in trust by the City and are the property of the participants or their beneficiaries.

NOTE 16: SELF INSURANCE (LIFE & HEALTH)

The City of Douglas established a self-insurance plan for employee health coverage effective March 1, 1989. The plan name is "The City of Douglas Employee Health Benefit Plan." The City has contracted with Meritain Health to serve as its plan administrator in handling all processing of claims and payments. The self-insurance program is being accounted for separately in an internal service fund to the proprietary fund type. The purpose of this fund is to pay medical insurance claims of the City employees and their covered dependents and to minimize the total cost of annual insurance to the municipality. Coverage charges to the various departments are actuarially determined and are allocated pro rata based on the number of employees in the respective departments. Dependent coverage is funded by charges to employees via payroll deductions. Health claims payable are estimated based upon historical claims and new diagnosis.

The following is a reconciliation of the liability for unpaid claims for the year ended June 30,

	2013	2014
Health Claims Payable - July 1	$ -	$ -
Claims Incurred During the Year Ended June 30	2,550,736	2,205,321
	2,550,736	2,205,321
Claims Paid During the Year Ended June 30	(2,550,736)	(2,205,321)
Health Claims Payable - June 30	$ -	$ -

NOTE 17: SELF INSURANCE (WORKERS' COMPENSATION)

The City of Douglas established a self-insurance plan for workers' compensation coverage effective May 1, 1991. The plan name is "The City of Douglas Workers' Compensation Insurance Trust Plan". The City has contracted with Associated Risk Services, Incorporated, (AMPRO) to serve as its plan administrator in handling all processing of claims and payments.

The self-insurance workers' compensation program is being accounted for separately in an internal service fund of the proprietary fund type. The purpose of this fund is to pay workers' compensation claims of the City employees and to minimize the total cost of annual insurance to the municipality. Coverage charges to the various departments are actuarially determined and are allocated pro rata based on the number of employees in the respective departments. Unpaid claims are estimated based upon state allowed costs for claims that have been received.

The following is a reconciliation of the liability for unpaid claims for the year ended June 30,

	2013	2014
Health Claims Payable - July 1	$ 828,320	$ 520,099
Claims Incurred During the Year Ended June 30	409,629	437,314
	1,237,949	957,413
Claims Paid During the Year Ended June 30	(717,850)	(400,466)
Health Claims Payable - June 30	$ 520,099	$ 556,947

NOTE 18: RECONCILIATION OF EXPENDITURES FOR GOVERNMENTAL FUND TYPES GAAP BASIS/BUDGETARY BASIS

The following schedule reconciles actual expenditures of the governmental funds from GAAP to budgetary basis for the fiscal year ended June 30, 2014:

	Current Operations	Debt Service	Budgetary Basis
General Government	$ 3,274,436	$ 8,513	$ 3,282,949
Public Safety	5,816,714	302,834	6,119,548
Public Works	2,049,780	6,336	2,056,116
Culture and Recreation	1,383,194	-	1,383,194
Housing and Development	1,122,499	-	1,122,499
Total	$ 13,646,623	$ 317,683	$ 13,964,306

NOTE 19: JOINT VENTURES

The City of Douglas, Georgia, in conjunction with cities and counties in the eight (8) county Southeast Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in an SGRC is automatic for municipality and county in the state. The official code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the SGRCs. Each county and municipality in the state is required by law to pay the minimum annual dues to the SGRC. The City paid annual dues in the amount of $14,840 to the SGRC for the year ended June 30, 2014. The SGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and the municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A 50-8-39.1) defines SGRC's as "public agencies and instrumentalities of their members". Georgia law also provides that the member governments are liable for any debts or obligations of an SGRC beyond its resources. (O.C.G.A. 50-8-39.1) The financial statements of the SGRC can be obtained from the SGRC board.

NOTE 20: HOTEL/MOTEL TAX

The City of Douglas levies an annual hotel/motel tax in accordance with the provisions of OCGA 48-13-51 and is contractually required to expend 3% of the amount received on tourism expenditures. The city has elected to expend 100% of the amount collected on tourism expenditures. The amount that is not expended during the current fiscal year is allocated to a designated fund balance. During fiscal year 2014, the City collected $193,784 in hotel/motel taxes. They expended $202,735, which was 105% of the amount collected.

NOTE 21: INTERFUND TRANSFERS

The City of Douglas uses interfund transfers primarily for operating purposes. The following is a list of transfers the City made during fiscal year 2014.

	Gas Fund	Electric Fund	Water and Sewer Fund	Non-Major Governmental Funds	General Fund	Total
Transfers from/(to):						
General Fund	$ 463,679	$ 3,685,526	$ 570,792	$ (85,558)	$ -	$ 4,634,439
Gas Fund	-	-	-	-	(463,679)	(463,679)
Electric Fund	-	-	-	-	(3,685,526)	(3,685,526)
Water & Sewer	-	-	-	-	(570,792)	(570,792)
Non-Major Governmental Funds	-	-	-	-	85,558	85,558
Total	$ 463,679	$ 3,685,526	$ 570,792	$ (85,558)	$ (4,634,439)	$ -

The City of Douglas has eliminated all interfund balances and transfers in the governmental-wide financial statements.

NOTE 22: POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City of Douglas provides, through passage of local ordinance, a certain health care benefits for retired employees through the City of Douglas OPEB Plan and Georgia Municipal Association. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City until they become eligible for Medicare. Health care benefits are provided through the City's self-insurance program. The coverage provided is based on the type held at retirement. Single coverage is provided by the City and dependent coverage is paid by the retiree. Membership in the plan by City retirees is voluntary. The cost of retiree health care benefits is recognized as an expense as claims are incurred.

The authority to establish and amend the benefit provisions of the OPEB plan rests with the City. The plan does not issue separate financial statements.

As of January 1, 2012, employee membership data relative to the OPEB plan consist of the following:

Plan membership:	
Current retirees, beneficiaries, and dependents	37
Current active participants	204
Terminated participants entitled but not yet eligible	0
Total	241

Summary of Significant Accounting Policies

The accrual basis of accounting is used with the respect to the recognition in the financial statements of contributions in the form of insurance premiums made to the plan. Plan investments, if any, are reported at their fair value at the reporting date. As of June 30, 2012 the plan reported no assets.

Funding Policy

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation.

Annual OPEB Cost and Net OPEB Obligation

The City's actuarial valuation was performed for the plan as of January 1, 2012 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the period according to the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Calculations are based on the type of benefits provided under the terms of the plan at the time of each valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective.The City's annual OPEB cost is $863,511.

The following table reflects the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution	$	904,507
Interest on Existing (NOO)		58,646
ARC Adjustment		(99,642)
Annual OPEB Cost		863,511
Actual Contribution Amount		29,000
Net Increase in NOO		834,511
NOO as of Valuation Date		863,511
Net OPEB Obligation - beginning of year		530,402
Net OPEB Obligation - end of year	$	863,511

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2012 is as follows:

Year Ended	OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/2011	$ 530,402	0%	$ 530,402
6/30/2012	$ 863,511	0%	$ 863,511

Funded Status and Funding Progress

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll (b-a)/c)
5/1/2008	$ -	$ 3,872,009	$ 3,872,009	0%	$ 6,840,532	56.60%
1/1/2012	$ -	$ 7,635,222	$ 7,635,222	0%	$ 6,371,193	119.84%

AAL based on a pay-as-you-go plan

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed, 25 years
Remaining amortization period	22 years as of July 1, 2011
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return	4.00%
Inflation rate	3.50%
Medical and drug cost trend rate	8.5% graded to 5% in 7 years
Plan membership:	
Current retirees, beneficiaries, and dependents	37
Current active participants	204
Terminated participants entitled but not yet eligible	0
Total	241

NOTE 23: PROPERTY TAX CALENDAR

Property taxes are assessed and attached as an enforceable lien on property as of January 1. The City's property taxes are billed and collected by the Coffee County Tax Commissioner and remitted to the City. The City pays a commission of 2.5% for the collection of its taxes to the Coffee County Tax Commissioner. City property tax revenues are recognized when levied to the extent that they result in current receivables. Property taxes are levied in September of each year based on the assessed valuation of property as of the proceeding January 1 and are due within 60 days. Taxes levied on October 1, 2013 were due on December 1, 2013. Liens were attached to property for unpaid taxes on January 31, 2014.

Assessed values are established by the Coffee County Tax Assessor's office and are currently calculated at 40% of the market value. The assessed value of property at January 1, 2014 was $337,210,256.

Based on the 2014 City millage levy of 7.510, a property owner would pay $7.51 per $1,000 of assessed valuation.

Current tax collections of $1,999,894 for the fiscal year ended June 30, 2014 were 95% of the tax levy. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Property taxes deferred at June 30, 2014 were $233,428.

NOTE 24: IMPLEMENTATION OF GASB STATEMENTS NO. 63 & 65

In calendar year 2012, the government early implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*, and *Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. There are numerous terminology changes throughout the financial section of this report. These classification changes do not require a prior period adjustment.

NOTE 25: SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through December 20, 2014 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has identified the following event that required adjustment and disclosure in the financial statements that were issued on December 20, 2014:

The City has been involved with various lawsuits relating to a change in sick-time compensation that preceded the June 30, 2014 balance sheet date that is covered by these financial statements. The City has elected to compensate all current/former employees that were affected by this change. The following liabilities and expenses have been adjusted into these financial statements as a result of this decision:

Fund/Department:	Liability Added	Expenditure Added
General		
City Manager	$ 20,934	$ 20,934
Financial Administration	90,293	90,293
Human Resources	39,287	39,287
Purchasing	34,045	34,045
Police Administration	101,000	101,000
Fire	121,064	121,064
Parks and Rec Administration	56,333	56,333
Grants Administration	68,092	68,092
Highways and Streets	11,348	11,348
Total General Fund Effect	542,396	542,396
Electric		
Electric	56,754	56,754
Water and Sewer		
Waste Collection and Disposal	21,807	21,807
TOTAL GOVERNMENT WIDE EFFECT	$ 620,957	$ 620,957

NOTE 26: PRIOR PERIOD ADJUSTMENT

The following changes have been made to opening balances to correct prior year balances:

- Correct Accounts Payable balances – Prior year accounts payable balances were incorrectly stated in the General, Electric, and Gas Fund.

	General Fund
Fund Balance Beginning	$ 3,090,177
Correct Accounts Payable	2,075,665
Fund Balance As Restated	$ 5,165,842

	Electric Fund	Gas Fund
Net Position, beginning	$ 19,270,776	$ 3,028,004
Correct Accounts Payable	(1,859,312)	(216,353)
Net Position, as restated	$ 17,411,464	$ 2,811,651

	Governmental Activities	Busines-type Activities	Primary Government
Net Position, beginning	$ 27,515,674	$ 39,351,902	$ 66,867,576
Correct Accounts Payable	2,075,665	(2,075,665)	-
Net Position, as restated	$ 29,591,339	$ 37,276,237	$ 66,867,576

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOUGLAS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

Acturial Valuation Date	Acturial Value of Assets (a)	Acturial Accrued Liability (AAL) (b)	Unfunded/ Surplus (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* (b) - (a) /(c)
5/1/2005	19,452,762	21,620,082	2,167,320	89.98%	6,019,236	36.01%
5/1/2006	20,588,608	26,254,008	5,665,400	78.42%	6,234,050	90.88%
5/1/2007	21,959,025	28,728,323	6,769,298	76.44%	6,397,891	105.81%
5/1/2008	23,364,604	30,357,252	6,992,648	76.97%	6,489,029	107.76%
1/1/2009	18,510,720	31,433,239	12,922,519	58.89%	6,628,323	194.96%
1/1/2010	24,278,890	28,879,115	4,600,135	84.10%	6,890,270	66.80%
1/1/2011	25,962,993	30,667,410	4,704,417	84.66%	6,910,123	68.08%
1/1/2012	26,680,870	31,374,640	4,693,770	85.04%	7,036,182	66.71%
1/1/2013	27,805,527	34,797,922	6,992,395	79.91%	6,090,874	114.80%
1/1/2014	29,126,030	35,847,155	6,721,125	81.25%	6,448,169	104.23%

* Not less than zero

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds:

SPLOST 2000 – to account for tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax beginning in 2000.

Community Development Block Grant 12p-x-034-2-5475 – to account for grant funds received from the Georgia Department of Community Affairs for the purpose of providing needed water/wastewater improvements.

Airport Improvement Fund – to account for the construction ongoing improvements to the Douglas Municipal Airport.

Special Revenue Funds:

Recreation Activity Fund – to account for revenues and expenses related to the City's recreation activities provided as a service to the citizens.

Forfeiture Fund – to account for confiscated funds collected by the City of Douglas' Police Department.

Program Income HUD Fund – to account for program income related to previous grant funds received from the U.S. Department of Housing and Urban Development that were used for sewer system. The City receives payment for each new account that is connected to this system. Payments to the City must be used for eligible HUD projects.

DCA Program Income Fund – to account for program income related to previous grant funds received from the Georgia Department of Community Affairs.

Central Multipurpose Complex Fund- to account for funds originally assigned for the construction of a new central multipurpose complex for the City. Amounts remaining are residual remaining after completion. They City anticipates utilizing these funds within the next fiscal year for necessary repairs and/or upgrades.

Mainstreet Program Fund – to account for revenues and expenses for the maintenance and revitalization of the City's downtown area. Revenues in this fund are received from the General Fund and Coffee County, Georgia.

Various Nonmajor Projects Fund – to account for various miscellaneous grants and revenues received for nonmajor projects and uses.

Airport Rental Receipts Fund – to account for the rental activity of the various rented units at the Douglas Municipal Airport.

Motel Tax Fund – to account for the hotel/motel tax monies received by the City. These monies are transferred over to the General Fund at year end to offset a portion of the cost of tourism promotion.

Central Service Activity – to account for the rental activities related to the Central Multipurpose Complex facility.

2012 H.E.A.T. Grant Fund – to account for grant revenue received from the Governor's Office of Highway Safety for the City's participation in the H.E.A.T. Program.

GHFA Home Fund – to account for grant revenues received from the Georgia Housing and Finance Authority for the rehabilitation of low-income homes within the area.

Park Improvement Project Fund – to account for funds received from the Georgia Department of Natural Resources for local park rehabilitation.

Youth Summer/After School Program – to account for activities related to the City's Youth Programs.

CITY OF DOUGLAS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ 753,737	$ 85,856	$ 839,593
Investments	405	-	405
Accounts Receivable	20,495	-	20,495
Interfund Receivable	-	-	-
TOTAL ASSETS	774,637	85,856	860,493
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts/Deposits Payable	4,424	-	4,424
Other Payables	14,107	-	14,107
Interfund Payables	5,140	-	5,140
Total Liabilities	23,671	-	23,671
Fund Balance:			
Assigned	750,966	-	750,966
Restricted for Capital Projects	-	85,856	85,856
Total Fund Balance	750,966	85,856	836,822
TOTAL LIABILITIES & FUND BALANCE	$ 774,637	$ 85,856	$ 860,493

CITY OF DOUGLAS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental Revenues	$ 329,398	$ 391,043	$ 720,441
Other Taxes	193,784	-	193,784
Investment Earnings	400	67	467
Fines and Forgeitures	36,334	-	36,334
Charges for Services or Materials	375,984	-	375,984
Other Revenues/Reimbursements	44,300	10	44,310
Total Revenues	980,200	391,120	1,371,320
EXPENDITURES			
Current Operating:			
Culture & Recreation	487,330	-	487,330
Public Safety	155,486	-	155,486
Public Works	219,429	-	219,429
Housing & Development	12,983	-	12,983
Capital Outlay	-	432,437	432,437
Debt service			
Principal	5,000	-	5,000
Interest	-	-	-
Total Expenditures	880,228	432,437	1,312,665
Excess (Deficiency) of Revenues Over (Under) Expenditures	99,972	(41,317)	58,655
OTHER FINANCING SOURCES (USES)			
Transfers from (to) Other Funds	85,558	-	85,558
Proceeds from Capital Asset Dispositions	-	-	-
Capital Lease Proceeds	-	-	-
Total Other Financing Sources (Uses)	85,558	-	85,558
NET CHANGE IN FUND BALANCES	185,530	(41,317)	144,213
FUND BALANCE - BEGINNING	565,436	127,173	692,609
FUND BALANCES - ENDING	$ 750,966	$ 85,856	$ 836,822

CITY OF DOUGLAS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Capital Project Funds			Special Revenue Funds						
	SPLOST 2000	Community Development Block Grant	Airport Improvement Fund	Recreation Activity Fund	Forfeiture Fund	Program Income HUD Fund	DCA Program Income Fund	Central Multipurpose Complex Fund	Main Street Program Fund	Various Nonmajor Projects Fund
ASSETS										
Cash	$ -	$ -	$ 85,856	$ 104,690	$ 61,103	$ 19,514	$ 87,608	$ 1,281	$ 8,567	$ 205,652
Investments	-	-	-	-	-	-	-	405	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	-	-	85,856	104,690	61,103	19,514	87,608	1,686	8,567	205,652
LIABILITIES AND FUND BALANCE										
Accounts/Deposits Payable	-	-	-	4,224	-	-	-	-	-	200
Other Payables	-	-	-	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	4,224	-	-	-	-	-	200
Fund Balance										
Assigned	-	-	-	100,466	61,103	19,514	87,608	1,686	8,567	205,452
Restricted for Capital Projects	-	-	85,856	-	-	-	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	$ -	$ -	$ 85,856	$ 104,690	$ 61,103	$ 19,514	$ 87,608	$ 1,686	$ 8,567	$ 205,652

CITY OF DOUGLAS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Special Revenue Funds							
	Airport Rental Receipts Fund	Motel Tax Fund	Central Service Activity	2012 Heat Grant Fund	GHFA Home Fund	Park Improvement Project Fund	Youth Summer/ After School Program Fund	Total Nonmajor Special Revenue Funds
ASSETS								
Cash	$ 220,779	$ 11,037	$ 25,242	$ 10	$ 5,120	$ 14	$ 3,120	$ 839,593
Investments	-	-	-	-	-	-	-	405
Accounts Receivable	-	-	1,248	19,247	-	-	-	20,495
Interfund Receivables	-	-	-	-	-	-	-	-
TOTAL ASSETS	220,779	11,037	26,490	19,257	5,120	14	3,120	860,493
LIABILITIES AND FUND BALANCE								
Accounts/Deposits Payable	-	-	-	-	-	-	-	4,424
Other Payables	-	-	-	14,107	-	-	-	14,107
Interfund Payables	-	-	-	5,140	-	-	-	5,140
Total Liabilities	-	-	-	19,247	-	-	-	23,671
Fund Balance								
Assigned	220,779	11,037	26,490	10	5,120	14	3,120	750,966
Restricted for Capital Projects	-	-	-	-	-	-	-	85,856
TOTAL LIABILITIES & FUND BALANCE	$ 220,779	$ 11,037	$ 26,490	$ 19,257	$ 5,120	$ 14	$ 3,120	$ 860,493

CITY OF DOUGLAS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Capital Project Funds			Special Revenue Funds						
	SPLOST 2000	Community Development Block Grant	Airport Improvement Fund	Recreation Activity Fund	Forfeiture Fund	Program Income HUD Fund	DCA Program Income Fund	Central Multi-Purpose Complex Fund	Main Street Program Fund	Various Nonmajor Projects Fund
REVENUES										
Intergovernmental Revenues	$ 50,633	$ 337,485	$ 2,925	$ -	$ -	$ -	$ -	$ -	$ -	$ 240,209
Other Taxes	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	67	-	41	9	42	42	5	139
Fines and Forfeitures	-	-	-		36,334	-	-	-	-	-
Charges for Services or Materials	-	-	-	212,434	-	-	-	-	-	-
Other Revenues/Reimbursements	-	-	10	-	-	-	-	-	30,000	13,400
Total Revenues	50,633	337,485	3,002	212,434	36,375	9	42	42	30,005	253,748
EXPENDITURES										
Current Operating:										
Culture & Recreation	-	-	-	160,344	-	-	-	-	30,000	-
Public Safety	-	-	-	-	54,928	-	-	-	-	11,369
Public Works	-	-	-	-	-	-	-	-	-	219,429
Housing & Development	-	-	-	-	-	-	-	-	-	-
Capital Outlay	50,633	337,485	44,319	-	-	-	-	-	-	-
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-		-	-	-	-	-	-
Total Expenditures	50,633	337,485	44,319	160,344	54,928	-	-	-	30,000	230,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(41,317)	52,090	(18,553)	9	42	42	5	22,950
OTHER FINANCING SOURCES (USES)										
Transfers from (to) Other Funds	-	-	-	(68,456)	-	-	-	-	-	158,118
Proceeds from Capital Asset Dispositions	-	-	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	(41,317)	(16,366)	(18,553)	9	42	42	5	181,068
FUND BALANCES - BEGINNING OF YEAR	-	-	127,173	116,832	79,656	19,505	87,566	1,644	8,562	24,384
FUND BALANCES - END OF YEAR	$ -	$ -	$ 85,856	$ 100,466	$ 61,103	$ 19,514	$ 87,608	$ 1,686	$ 8,567	$ 205,452

CITY OF DOUGLAS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Special Revenue Funds							
	Airport Rental Receipts Fund	Motel Tax Fund	Central Service Activity	Heat Grant Fund	GHFA Home Fund	Park Improvement Project Fund	Youth Summer/ After School Program Fund	Total Nonmajor Governmental Funds
REVENUES								
Intergovernmental Revenues	$ -	$ -	$ -	$ 89,189	$ -	$ -	$ -	$ 720,441
Other Taxes	-	193,784	-	-	-	-	-	193,784
Investment Earnings	94	19	-	3	3	-	3	467
Fines and Forfeitures	-	-	-	-	-	-	-	36,334
Charges for Services or Materials	42,556	-	120,994	-	-	-	-	375,984
Other Revenues/Reimbursements	-	-	-	-	900	-	-	44,310
Total Revenues	42,650	193,803	120,994	89,192	903	-	3	1,371,320
EXPENDITURES								
Current Operating:								
Culture & Recreation	-	202,735	90,400	-	-	-	3,851	487,330
Public Safety	-	-	-	89,189	-	-	-	155,486
Public Works	-	-	-	-	-	-	-	219,429
Housing & Development	12,983	-	-	-	-	-	-	12,983
Capital Outlay	-	-	-	-	-	-	-	432,437
Debt Service								
Principal	5,000	-	-	-	-	-	-	5,000
Interest	-	-	-	-	-	-	-	-
Total Expenditures	17,983	202,735	90,400	89,189	-	-	3,851	1,312,665
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,667	(8,932)	30,594	3	903	-	(3,848)	58,655
OTHER FINANCING SOURCES (USES)								
Transfers from (to) Other Funds	-	-	(4,104)	-	-	-	-	85,558
Proceeds from Capital Asset Dispositions	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-
Net Change in Fund Balances	24,667	(8,932)	26,490	3	903	-	(3,848)	144,213
FUND BALANCES - BEGINNING OF YEAR	196,112	19,969	-	7	4,217	14	6,968	692,609
FUND BALANCES - END OF YEAR	$ 220,779	$ 11,037	$ 26,490	$ 10	$ 5,120	$ 14	$ 3,120	$ 836,822

CITY OF DOUGLAS, GEORGIA
CDBG 2012 FUND - 12p-x-034-2-5475
PROJECT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Project Length Budget	2014	Project Length Total	Variance with Project Budget - Positive (Negative)
Revenues				
Intergovernmental Revenues	$ 499,828	$ 337,485	$ 337,485	$ (162,343)
Total Revenues	499,828	337,485	337,485	(162,343)
Expenditures				
Public Works				
Water Facilities	282,594	197,593	197,593	85,001
Sewer Facilities	213,192	139,892	139,892	73,300
Administration	4,042	-	-	4,042
Contingency	-	-	-	-
Total Expenditures	499,828	337,485	337,485	162,343
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	$ -	-	-	$ -
Fund Balances Beginning of Year		-	-	
Fund Balances End of Year		$ -	$ -	

CITY OF DOUGLAS, GEORGIA
AIRPORT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 45,000	$ 2,925	$ (42,075)
Investment Earnings	-	67	67
Other Revenues/Reimbursements	-	10	10
Total Revenues	45,000	3,002	(41,998)
Expenditures			
Housing and Development	45,000	44,319	681
Total Expenditures	45,000	44,319	681
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(41,317)	(41,317)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(41,317)	$ (41,317)
Fund Balances Beginning of Year		127,173	
Fund Balances End of Year		$ 85,856	

CITY OF DOUGLAS, GEORGIA
RECREATION ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	$ 279,463	$ 212,434	$ (67,029)
	-	-	-
Total Revenues	279,463	212,434	(67,029)
Expenditures			
Culture and Recreation	279,463	160,344	119,119
Total Expenditures	279,463	160,344	119,119
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	52,090	52,090
Other Financing Sources (Uses) Transfers from/(to) Other Funds	-	(68,456)	(68,456)
Net Changes in Fund Balance	$ -	(16,366)	$ (16,366)
Fund Balances Beginning of Year		116,832	
Fund Balances End of Year		$ 100,466	

CITY OF DOUGLAS, GEORGIA
FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Fines and Forfeitures	$ 55,000	$ 36,334	$ (18,666)
Investment Earnings	-	41	41
Total Revenues	55,000	36,375	(18,625)
Expenditures			
Public Safety	55,000	54,928	72
Total Expenditures	55,000	54,928	72
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(18,553)	(18,553)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(18,553)	$ (18,553)
Fund Balances Beginning of Year		79,656	
Fund Balances End of Year		$ 61,103	

CITY OF DOUGLAS, GEORGIA
PROGRAM INCOME HUD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment Earnings	$ -	$ 9	$ 9
Total Revenues	-	9	9
Expenditures			
Housing and Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	9	9
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	9	$ 9
Fund Balances Beginning of Year		19,505	
Fund Balances End of Year		$ 19,514	

CITY OF DOUGLAS, GEORGIA
PROGRAM INCOME DCA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment Earnings	$ -	$ 42	$ 42
Total Revenues	-	42	42
Expenditures			
Housing and Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	42	42
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	42	$ 42
Fund Balances Beginning of Year		87,566	
Fund Balances End of Year		$ 87,608	

CITY OF DOUGLAS, GEORGIA
CENTRAL MULTI-PURPOSE COMPLEX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment Earnings	$ -	$ 42	$ 42
Total Revenues	-	42	42
Expenditures			
Culture and Recreation	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	42	42
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	42	$ 42
Fund Balances Beginning of Year		1,644	
Fund Balances End of Year		$ 1,686	

CITY OF DOUGLAS, GEORGIA
MAINSTREET PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Revenues/Reimbursements	$ 30,000	$ 30,000	$ -
Investment Earnings	-	5	5
Total Revenues	30,000	30,005	5
Expenditures			
Culture and Recreation	30,000	30,000	-
Total Expenditures	30,000	30,000	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	5	5
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	5	$ 5
Fund Balances Beginning of Year		8,562	
Fund Balances End of Year		$ 8,567	

CITY OF DOUGLAS, GEORGIA
VARIOUS NON-MAJOR PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 412,043	$ 240,209	$ (171,834)
Other Revenues/Reimbursements	-	13,400	13,400
Investment Earnings	-	139	139
Total Revenues	412,043	253,748	(158,295)
Expenditures			
Public Safety	12,043	11,369	674
Public Works	400,000	219,429	180,571
Total Expenditures	412,043	230,798	180,571
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	22,950	22,950
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	158,118	158,118
Net Changes in Fund Balance	$ -	181,068	$ 181,068
Fund Balances Beginning of Year		24,384	
Fund Balances End of Year		$ 205,452	

CITY OF DOUGLAS, GEORGIA
AIRPORT RENTAL RECEIPTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	$ 36,608	$ 42,556	$ 5,948
Investment Earnings	-	94	94
Total Revenues	36,608	42,650	6,042
Expenditures			
Housing and Development	36,608	17,983	18,625
Total Expenditures	36,608	17,983	18,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	24,667	24,667
Other Financing Sources (Uses) Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	24,667	$ 24,667
Fund Balances Beginning of Year		196,112	
Fund Balances End of Year		$ 220,779	

CITY OF DOUGLAS, GEORGIA
MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Taxes	$ 207,000	$ 193,784	$ (13,216)
Investment Earnings	-	19	19
Total Revenues	207,000	193,803	(13,197)
Expenditures			
Culture and Recreation	207,000	202,735	4,265
Total Expenditures	207,000	202,735	4,265
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(8,932)	(8,932)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(8,932)	$ (8,932)
Fund Balances Beginning of Year		19,969	
Fund Balances End of Year		$ 11,037	

CITY OF DOUGLAS, GEORGIA
CENTRAL SERVICE ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	175,780	120,994	(54,786)
Total Revenues	175,780	120,994	(54,786)
Expenditures			
Culture and Recreation	175,780	90,400	85,380
Total Expenditures	175,780	90,400	85,380
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	30,594	30,594
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	(4,104)	(4,104)
Net Changes in Fund Balance	$ -	26,490	$ 26,490
Fund Balances Beginning of Year		-	
Fund Balances End of Year		$ 26,490	

CITY OF DOUGLAS, GEORGIA
H.E.A.T. GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 91,900	$ 89,189	$ (2,711)
Investment Earnings	-	3	3
Total Revenues	91,900	89,192	(2,708)
Expenditures			
Public Safety	91,900	89,189	2,711
Total Expenditures	91,900	89,189	2,711
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	3	3
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	3	$ 3
Fund Balances Beginning of Year		7	
Fund Balances End of Year		$ 10	

CITY OF DOUGLAS, GEORGIA
GHFA HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Revenues/Reimbursements	$ 1,200	$ 900	$ (300)
Investment Earnings	-	3	3
Total Revenues	1,200	903	(297)
Expenditures			
Housing and Development	1,200	-	1,200
Total Expenditures	1,200	-	1,200
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	903	903
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	903	$ 903
Fund Balances Beginning of Year		4,217	
Fund Balances End of Year		$ 5,120	

CITY OF DOUGLAS, GEORGIA
PARK IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Revenues/Reimbursements	$ -	$ -	$ -
Investment Earnings	-	-	-
Total Revenues	-	-	-
Expenditures			
Culture and Recreation	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	-	$ -
Fund Balances Beginning of Year		14	
Fund Balances End of Year		$ 14	

CITY OF DOUGLAS, GEORGIA
YOUTH SUMMER/AFTER SCHOOL PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Revenues and Reimbursements	$ 3,900	$ 3	$ (3,897)
Total Revenues	3,900	3	(3,897)
Expenditures			
Culture and Recreation	3,900	3,851	49
Total Expenditures	3,900	3,851	49
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(3,848)	(3,848)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(3,848)	$ (3,848)
Fund Balances Beginning of Year		6,968	
Fund Balances End of Year		$ 3,120	

SUPPLEMENTAL FINANCIAL DATA

CITY OF DOUGLAS, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2000
FOR THE YEAR ENDED JUNE 30, 2014

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Years	Total	Estimate Percentage of Completion
1 Airport	$ 568,000	$ 568,000	$ 494,923	$ 46,750	$ 541,673	95.36%
2 Building Improvements	200,000	250,000	241,140	-	241,140	96.46%
3 Public Safety - Equipment	110,000	110,000	110,000	-	110,000	100.00%
4 Library	62,000	62,000	62,000	-	62,000	100.00%
5 Natural Gas	250,000	250,000	250,000	-	250,000	100.00%
6 Parks & Cemetery	1,246,000	1,250,914	1,064,663	-	1,064,663	85.11%
7 Water/Wastewater	500,000	500,000	462,347	3,883	466,230	93.25%
8 Youth Center	450,000	1,106,954	1,102,638	-	1,102,638	99.61%
9 Road/Drainage Improvements	5,890,000	4,672,156	5,179,759	-	5,179,759	110.86%
Total	$ 9,276,000	$ 8,770,024	$ 8,967,470	$ 50,633	$ 9,018,103	102.83%

CITY OF DOUGLAS, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2012
FOR THE YEAR ENDED JUNE 30, 2014

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Years	Total	Estimate Percentage of Completion
1 Airport Improvements	$ 737,000	$ -	$ -	$ -	$ -	0.00%
2 Public Safety - Facility Improvements	45,000	-	-	-	-	0.00%
3 Public Works - Facility Improvements	90,000	-	92,725	-	92,725	103.03%
4 Recreation - Facility Improvements	400,000	-	-	49,519	49,519	12.38%
5 Renovations - Municipal Buildings	50,000	-	-	679	679	1.36%
6 Road, Street, & Bridge Projects	1,000,000	-	220,043	240,685	460,728	46.07%
7 Technology Equipment & Upgrades	200,000	-	-	-	-	0.00%
8 Water/Sewer System Improvements, and land acquisitions	18,595,561	-	496,573	554,199	1,050,772	5.65%
Total	$ 21,117,561	$ -	$ 809,341	$ 845,082	$ 1,654,423	7.83%

STATISTICAL SECTION (unaudited)

This part of the City of Douglas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

Financial Trends:

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time 94

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the electric department sales 100

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future 103

Demographic and Economic Information

These schedules of demographic and economic indicators help the reader understand the environment within which the government's financial activities take place 105

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs 107

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DOUGLAS, GEORGIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Investment in Capital Assets	$ -	$ -	$ 19,765,303	$ 21,517,113	$ 20,877,512	$ 19,451,293	$ 20,376,663	$ 21,168,409	$ 21,897,267	$ 21,953,716
Restricted	-	-	-	-	-	-	-	(35,241)	3,296,513	5,629,063
Unrestricted	-	-	2,703,330	3,277,244	3,635,408	4,296,706	3,179,288	3,107,032	2,321,894	4,523,771
Total Governmental Net Position	$ -	$ -	$ 22,468,633	$ 24,794,357	$ 24,512,920	$ 23,747,999	$ 23,555,951	$ 24,240,200	$ 27,515,674	$ 32,106,550
Business-tyoe Activities										
Net Investment in Capital Assets	$ -	$ -	$ 14,632,914	$ 15,828,151	$ 16,286,524	$ 16,451,492	$ 17,909,528	$ 18,214,332	$ 17,933,443	$ 17,615,877
Restricted	-	-	488,268	483,509	487,633	478,630	-	-	-	-
Unrestricted	-	-	7,251,796	7,629,619	9,380,538	13,115,932	15,840,316	18,612,364	21,418,459	24,978,779
Total Business-type Activites	$ -	$ -	$ 22,372,978	$ 23,941,279	$ 26,154,695	$ 30,046,054	$ 33,749,844	$ 36,826,696	$ 39,351,902	$ 42,594,656
Primary Government:										
Net Investment in Capital Assets	$ -	$ -	$ 34,398,217	$ 37,345,264	$ 37,164,036	$ 35,902,785	$ 38,286,191	$ 39,382,741	$ 39,830,710	$ 39,569,593
Restricted	-	-	488,268	483,509	487,633	478,630	-	(35,241)	3,296,513	5,629,063
Unrestricted	-	-	9,955,126	10,906,863	13,015,946	17,412,638	19,019,604	21,719,396	23,740,353	29,502,550
Total Primary Government Net Position	$ -	$ -	$ 44,841,611	$ 48,735,636	$ 50,667,615	$ 53,794,053	$ 57,305,795	$ 61,066,896	$ 66,867,576	$ 74,701,206

CITY OF DOUGLAS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS*
(accrual basis of accounting)

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General Government	$ -	$ -	$ 4,935,965	$ 4,794,462	$ 4,918,157	$ 5,567,977	$ 4,906,729	$ 4,860,549	$ 4,897,398	$ 3,691,642
Public Safety	-	-	4,669,353	5,103,527	4,965,256	5,344,200	5,330,018	5,666,100	5,724,075	6,243,436
Public Works	-	-	-	-	-	-	-	-	-	2,337,109
Culture and Recreation	-	-	2,713,069	2,678,801	2,751,982	2,746,448	2,158,133	2,373,613	2,106,607	2,344,417
Housing and Development	-	-	1,725,022	1,121,636	1,280,566	956,541	919,714	1,151,026	1,833,263	1,478,537
Interest on Long-term Debt	-	-	18,392	16,627	23,513	48,151	31,376	46,987	18,123	20,879
Total Governmental Activities Expense	-	-	14,061,801	13,715,053	13,939,474	14,663,317	13,345,970	14,098,275	14,579,466	16,116,020
Business-type Activities										
Natural Gas	-	-	5,683,550	6,297,030	6,071,056	3,717,559	4,284,721	3,940,444	4,151,613	4,966,924
Electric	-	-	19,104,533	19,652,910	19,142,763	17,470,126	19,766,003	21,013,941	22,259,348	22,523,339
Water and Sewer	-	-	5,125,794	5,261,409	5,435,605	4,915,268	4,989,444	5,285,780	5,779,348	6,323,375
Sanitation	-	-	1,970,530	2,263,661	2,244,265	2,042,638	2,314,328	2,432,334	2,563,170	2,625,493
Total Business-type Activites	-	-	31,884,407	33,475,010	32,893,689	28,145,591	31,354,496	32,672,499	34,753,479	36,439,131
Total Primary Government Expenses	$ -	$ -	$ 45,946,208	$ 47,190,063	$ 46,833,163	$ 42,808,908	$ 44,700,466	$ 46,770,774	$ 49,332,945	$ 52,555,151

CITY OF DOUGLAS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS*, cont.
(accrual basis of accounting)

Program Revenues	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Charges for Services:										
General Government	$ -	$ -	$ 2,017,215	$ 1,595,664	$ 1,770,992	$ 2,009,465	$ 2,082,798	$ 2,237,270	$ 2,202,535	$ 2,264,622
Public Safety	-	-	267,741	17,853	-	-	-	-	63,175	36,375
Culture and Recreation	-	-	320,018	903,904	881,901	917,801	526,158	476,377	804,150	865,318
Housing and Development	-	-	1,077,433	445,601	274,088	237,537	246,891	238,924	285,352	331,917
Operating Grants and Contributions	-	-	105,811	321,476	246,125	454,962	241,783	521,967	-	89,192
Capital Grants and Contributions	-	-	28,007	37,799	-	-	493,262	761,656	4,605,319	3,736,644
Total Governmental Activities Program Revenue	-	-	3,816,225	3,322,297	3,173,106	3,619,765	3,590,892	4,236,194	7,960,531	7,324,068
Business-type Activities:										
Charges for Services:										
Natural Gas			5,947,410	6,708,650	6,362,854	4,235,468	4,699,582	4,397,886	4,931,753	5,912,014
Electric			21,573,747	22,826,926	23,423,457	24,102,744	25,500,980	25,718,050	26,800,894	29,215,975
Water and Sewer			4,595,759	5,487,694	6,289,913	5,097,939	5,891,656	7,174,910	7,059,716	7,309,595
Sanitation			2,160,441	2,296,749	2,410,181	2,153,143	2,419,264	2,595,901	2,821,915	2,971,476
Total Business-type Activities Revenue	-	-	34,277,357	37,320,019	38,486,405	35,589,294	38,511,482	39,886,747	41,614,278	45,409,060
Total Primary Gov't Program Revenue	$ -	$ -	$ 38,093,582	$ 40,642,316	$ 41,659,511	$ 39,209,059	$ 42,102,374	$ 44,122,941	$ 49,574,809	$ 52,733,128
Net (Expense)/Revenue:										
Governmental Activities	$ -	$ -	$ (10,245,576)	$ (10,392,756)	$ (10,766,368)	$ (11,043,552)	$ (9,755,078)	$ (9,862,081)	$ (6,618,935)	$ (8,791,952)
Business-type Activities	-	-	2,392,950	3,845,009	5,592,716	7,443,703	7,156,986	7,214,248	6,860,799	8,969,929
Total Primary Government net expense	$ -	$ -	$ (7,852,626)	$ (6,547,747)	$ (5,173,652)	$ (3,599,849)	$ (2,598,092)	$ (2,647,833)	$ 241,864	$ 177,977

CITY OF DOUGLAS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS*, cont.
(accrual basis of accounting)

General Revenues & Other Changes in Net Position	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Taxes:										
Property	$ -	$ -	$ 1,964,954	$ 2,500,962	$ 2,622,513	$ 2,663,198	$ 2,329,403	$ 2,277,014	$ 2,265,452	$ 2,863,239
Sales and Use	-	-	2,668,835	5,061,492	2,049,052	1,869,547	1,741,974	1,776,986	1,724,358	1,621,353
Insurance Premium	-	-	-	-	-	-	-	-	*	597,807
Franchise	-	-	300,993	300,940	340,882	284,480	259,574	298,711	338,155	251,691
Other	-	-	570,301	1,454,250	1,615,134	1,605,390	1,396,826	1,714,758	1,450,309	921,957
Interest	-	-	61,553	35,307	29,057	29,577	7,545	16,479	3,825	5,490
Gain on Capital Asset Sales	-	-	-	163,435	82,299	(786)	33,212	14,313	106,401	54,368
Other Revenues/Reimbursements	-	-	911,019	112,079	129,437	153,374	253,498	224,219	348,253	271,268
Transfers in	-	-	3,773,852	3,109,081	3,616,557	3,673,851	3,540,998	4,223,850	4,427,963	6,795,662
Total Governmental Activities	-	-	10,251,507	12,737,546	10,484,931	10,278,631	9,563,030	10,546,330	10,664,716	13,382,835
Business-type Activities										
Interest			439,289	422,537	237,257	121,507	87,802	86,454	7,645	474,678
Capital Contributions			-	409,836	-	-	-	-	84,725	593,809
Transfers			(3,773,852)	(3,109,081)	(3,616,557)	(3,673,851)	(3,540,998)	(4,223,850)	(4,427,963)	(6,795,662)
Total Business-type Activities	-	-	(3,334,563)	(2,276,708)	(3,379,300)	(3,552,344)	(3,453,196)	(4,137,396)	(4,335,593)	(5,727,175)
Total Primary Government	-	-	6,916,944	10,460,838	7,105,631	6,726,287	6,109,834	6,408,934	6,329,123	7,655,660
Change in Net Assets										
Governmental Activities	$ -	$ -	$ 5,931	$ 2,344,790	$ (281,437)	$ (764,921)	$ (192,048)	$ 684,249	$ 4,045,781	$ 4,590,883
Business-type Activities	-	-	(941,613)	1,568,301	2,213,416	3,891,359	3,703,790	3,076,852	2,525,206	3,242,754
Total Primary Government	$ -	$ -	$ (935,682)	$ 3,913,091	$ 1,931,979	$ 3,126,438	$ 3,511,742	$ 3,761,101	$ 6,570,987	$ 7,833,637

* The City has not presented the changes in net position for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS*
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Nonspendable	$ -	$ -	$ 88,268	$ 128,122	$ 76,144	$ 115,968	$ 122,265	$ 158,024	$ 149,777	$ 226,920
Restricted	-	-	63,267	137,846	188,000	141,906	172,311	176,644	197,378	220,970
Committed	-	-	106,812	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	2,327,519	2,674,172	2,963,797	2,844,839	2,277,514	2,308,313	2,743,022	4,602,802
Total General Fund	$ -	$ -	$ 2,585,866	$ 2,940,140	$ 3,227,941	$ 3,102,713	$ 2,572,090	$ 2,642,981	$ 3,090,177	$ 5,050,692
All other Governmental Funds:										
Special Revenue Funds:										
Assigned	$ -	$ -	$ 636,729	$ 698,084	$ 726,801	$ 705,786	$ 734,820	$ 620,457	$ 565,439	$ 750,966
Capital Project Funds:										
Restricted	-	-	(104,166)	134,976	136,419	89,506	(49,517)	37,158	3,423,686	5,629,063
Total All Other Governmental Funds	$ -	$ -	$ 532,563	$ 833,060	$ 863,220	$ 795,292	$ 685,303	$ 657,615	$ 3,989,125	$ 6,380,029

*The City has not presented the fund balance for governmental funds for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS*
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ -	$ -	$ 5,915,618	$ 8,800,169	$ 5,909,734	$ 5,524,407	$ 5,238,685	$ 5,183,573	$ 5,174,203	$ 5,665,473
Intergovernmental			238,827	359,275	246,125	616,462	734,973	2,107,416	4,688,072	3,810,618
License and Permits			371,159	337,930	321,374	321,204	317,318	322,917	332,563	348,218
Charges for Services			673,242	600,744	597,950	607,768	634,273	680,599	601,211	701,386
Fines and Forfeitures			253,142	231,078	285,204	277,575	352,059	307,296	321,874	482,964
Interest			62,398	94,197	29,057	29,577	7,617	17,013	5,246	7,556
Other Revenues/Reimbursements			2,739,852	2,392,323	2,538,952	2,797,454	2,908,310	2,861,769	2,897,853	2,607,229
Total Revenues	-	-	10,254,238	12,815,716	9,928,396	10,174,447	10,193,235	11,480,583	14,021,022	13,623,444
Expenditures										
General Government			4,440,417	4,678,263	4,602,422	5,151,613	4,458,597	4,785,943	4,243,261	3,274,436
Public Safety			4,747,943	4,885,744	4,792,675	5,057,932	5,636,830	5,506,688	5,464,136	5,972,200
Public Works			-	-	-	-	-	-	-	2,269,209
Culture and Recreation			2,350,893	2,358,362	2,432,462	2,427,061	2,223,901	2,075,319	1,836,708	1,870,524
Housing and Development			1,175,781	999,357	1,094,053	771,983	1,172,337	970,161	1,440,326	1,135,482
Capital Outlay			1,082,542	2,422,457	1,020,683	516,688	723,883	2,262,721	1,469,529	1,277,519
Debt Service:										
Principal			45,875	50,150	111,482	276,175	295,160	228,053	253,525	301,803
Interest			18,392	16,627	23,513	48,151	31,376	46,987	18,123	20,879
Total Expenditures	-	-	13,861,843	15,410,960	14,077,290	14,249,603	14,542,084	15,875,872	14,725,608	16,122,052
Other Financing Sources(Uses)										
Sale of Capital Assets			-	160,000	82,299	11,845	36,211	14,313	106,401	54,368
Transfers in (out)			3,773,851	3,109,081	3,616,557	3,673,851	3,540,898	4,056,635	4,427,963	6,795,662
Capital Lease Proceeds			-	-	767,999	196,304	131,125	367,544	-	-
Total Other Financing	-	-	3,773,851	3,269,081	4,466,855	3,882,000	3,708,234	4,438,492	4,534,364	6,850,030
Change in Fund Balance	$ -	$ -	$ 166,246	$ 673,837	$ 317,961	$ (193,156)	$ (640,615)	$ 43,203	$ 3,829,778	$ 4,351,422

* The City has not presented the changes in fund balance for governmental funds for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
ELECTRIC SALES BY CATEGORY
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Residential	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,171,186	$ 6,625,548	$ 5,626,554
Commercial								17,506,239	17,315,141	18,954,310
Other Sales	-	-	-	-	-	-	-	1,159,696	781,582	1,120,406
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,837,121	$ 24,722,271	$ 25,701,270
Transfers to General Fund*								$ 3,574,850	$ 3,574,850	$ 3,685,526

Source: City of Douglas, Georgia Finance Department

*Annual transfers to the General Fund are done for the purpose of financing basic services

**The City has not presented the revenue by category for its most significant single own-source revenue for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
ELECTRIC RATES
LAST TEN FISCAL YEARS*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Residential**										
Base Charge	-	-	-	-	-	-	-	-	-	$ 10.00
Summer (May 1 - Nov 1)										
First 750 kWh's (per kWh)	-	-	-	-	-	-	-	-	-	$ 0.089
Next 750 kWh's (per kWh)	-	-	-	-	-	-	-	-	-	$ 0.119
Over 1500 kWh's (per kWh)	-	-	-	-	-	-	-	-	-	$ 0.127
Non-Summer (Nov 1 - May 1)										
First 750 kWh's (per kWh)	-	-	-	-	-	-	-	-	-	$ 0.089
Next 750 kWh's (per kWh)	-	-	-	-	-	-	-	-	-	$ 0.081
Over 1500 kWh's (per kWh)	-	-	-	-	-	-	-	-	-	$ 0.077
Commercial *****										
Base Charge	-	-	-	-	-	-	-	-	-	$ 50.00
Demand Charge ($/billing kW)	-	-	-	-	-	-	-	-	-	$ 2.75
1st Block										
First 200 hrs x Billing kW										
First 6000 kWh ($/kWh)	-	-	-	-	-	-	-	-	-	$ 0.111
additional kWh's ($/kWh)	-	-	-	-	-	-	-	-	-	$ 0.103
2nd Block										
Next 200 hrs x Billing kW	-	-	-	-	-	-	-	-	-	$ 0.053
3rd Block										
In excess of 400 hrs x Billing kW	-	-	-	-	-	-	-	-	-	$ 0.048

* The City has not presented the rate schedule of its most significant single own-source revenue for all ten years as generally required. This is the City's initial presentation of CAFR, therefor not all prior year information is available

** Rates above do not include PCA (Power Cost Adjustment) or ECCR (Environmental Compliance Cost Recovery) of $.012/kWh, or 7% Sales Tax

*** Commercial rates are reported on the "Medium Power" schedule. This is the predominent schedule used for commercial accounts within the City

CITY OF DOUGLAS, GEORGIA
PRINCIPLE ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	June 30, 2014			June 30, 2005*		
Taxpayer	Balance Remitted	Rank	Percentage of Total Revenue	Balance Remitted	Rank	Percentage of Total Revenue
Southwire Company	$ 2,082,648	1	7.13%	-	-	-
Precision Castparts Corporation	1,821,121	2	6.23%	-	-	-
Wal-Mart Distribution Center	820,031	3	2.81%	-	-	-
Coats and Clark	727,870	4	2.49%	-	-	-
Coffee Regional Medical Center	636,930	5	2.18%	-	-	-
South Georgia State College	560,977	6	1.92%	-	-	-
Pilgrim's Pride	474,943	7	1.63%	-	-	-
Elixir Industries	451,841	8	1.55%	-	-	-
Optima Chemicals	420,054	9	1.44%	-	-	-
Wal-Mart Store	402,755	10	1.38%	-	-	-
Totals	$ 8,399,170		29%	-		-

Source: City of Douglas, Georiga Electric Department Records

*The City has not presented the principle Electric customers from nine years ago as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDER YEARS*

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy			Total Collections to Date	
	Taxes Levied for the Fiscal Year	Collection Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage Levy
2005	$ -	$ -	-	$ -	$ -	-
2006	$ -	$ -	-	$ -	$ -	-
2007	$ -	$ -	-	$ -	$ -	-
2008	$ -	$ -	-	$ -	$ -	-
2009	$ -	$ -	-	$ -	$ -	-
2010	$ -	$ -	-	$ -	$ -	-
2011	$ -	$ -	-	$ -	$ -	-
2012	$ -	$ -	-	$ -	$ -	-
2013	$ -	$ -	-	$ -	$ -	-
2014	$ 2,098,998	$ 2,002,748	95.41%	$ -	$ 2,002,748	95.41%

Source: Coffee County, Georgia Tax Commissioner

* The City has not presented the Property Tax Levies and Collections for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available

CITY OF DOUGLAS, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Term Loans	Capital Leases	Revenue Bonds	Term Loans	Capital Leases	Total Primary Government	Percentage of Personal Income**	Per Capita
2005	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2006	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2007	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2008	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2014	$ -	$ 58,750	$ 131,331	$ -	$ 2,051,354	$ 87,365	$ 2,328,800	0.64%	$ 194

Note: Details on the City's outstanding debt can be found in the notes to the financial statements
Source: City of Douglas, Georgia financial records
* The City has not presented the ratio of outstanding debt by type for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior years information is available.
** See Schedule of Demographics and Economic Statistics for personal income and population data

CITY OF DOUGLAS, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,073,910
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,073,910
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal debt margin calculation:	
Assessed value	$ 300,739,100
Debt limit (10% of total assessed value)	30,073,910
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal Debt Margin	$ 30,073,910

Source: City of Douglas, Georgia Finance Department

* The City has not presented the legal debt margin information for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available

CITY OF DOUGLAS, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDER YEARS***

Year	Population *	Personal Income (in thousands)	Per Capita Income**	Unemployment Rate
2005	-	$ -	$ -	-
2006	-	$ -	$ -	-
2007	-	$ -	$ -	-
2008	-	$ -	$ -	-
2009	-	$ -	$ -	-
2010	11,589	$ -	$ -	-
2011	11,684	$ -	$ -	-
2012	11,780	$ -	$ -	-
2013	11,876	$ -	$ -	-
2014	11,974	$ 366,740	$ 28,463	11%

Source: Georgia Department of Labor, Workforce Statistics, and Economic Research

* Extrapolated from 2010 Census at an average annual growth. Population for 2010 is based on the 2010 Census

** County wide data

*** The City has not presented Demographic and Economic Statistics for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior years information is available

CITY OF DOUGLAS, GEORGIA
PRINCIPLE EMPLOYERS**
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2014			Fiscal Year 2005		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Coffee County Board of Education	1,174	1	7.59%	-	-	-
Pilgrim's Pride	839	2	5.42%	-	-	-
Coffee Regional Medical Center	832	3	5.38%	-	-	-
Wal-Mart Distribution	803	4	5.19%	-	-	-
Precision Cartparts Corporation	483	5	3.12%	-	-	-
Coffee Correctional Facility	386	6	2.49%	-	-	-
Elixir Industries	358	7	2.31%	-	-	-
Southwire	246	8	1.59%	-	-	-
Diamond Builders	175	9	1.13%	-	-	-
Coats and Clark	146	10	0.94%	-	-	-
Totals	5,442		35.16%	-		-

Source: Douglas-Coffee County Chamber of Commerce

*The City has not presented the principle employers from nine years ago as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

** County Wide Data

CITY OF DOUGLAS, GEORGIA
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS*

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Management	-	-	-	-	-	-	-	-	-	3
City Clerk	-	-	-	-	-	-	-	-	-	1
Financial Administration	-	-	-	-	-	-	-	-	-	5
Information Technology	-	-	-	-	-	-	-	-	-	1
Human Resources	-	-	-	-	-	-	-	-	-	2
Customer Service	-	-	-	-	-	-	-	-	-	8
Purchasing	-	-	-	-	-	-	-	-	-	3
Public Safety										
Police Administration	-	-	-	-	-	-	-	-	-	6
Police Patrol	-	-	-	-	-	-	-	-	-	29
Records Management	-	-	-	-	-	-	-	-	-	7
Professional Standards and Training	-	-	-	-	-	-	-	-	-	2
Fire	-	-	-	-	-	-	-	-	-	33
Animal Control	-	-	-	-	-	-	-	-	-	1
Public Works										
Highways and Streets	-	-	-	-	-	-	-	-	-	8
General Maintenance	-	-	-	-	-	-	-	-	-	9
Vehicle Maintenance	-	-	-	-	-	-	-	-	-	6
Water / Wastewater	-	-	-	-	-	-	-	-	-	37
Electric	-	-	-	-	-	-	-	-	-	13
Gas	-	-	-	-	-	-	-	-	-	8
Sanitation	-	-	-	-	-	-	-	-	-	11
Cemetary	-	-	-	-	-	-	-	-	-	1
Culture and Recreation										
Parks and Recreation Administration	-	-	-	-	-	-	-	-	-	3
Ceramics	-	-	-	-	-	-	-	-	-	1
Athletics	-	-	-	-	-	-	-	-	-	3

CITY OF DOUGLAS, GEORGIA
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS*, cont.

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wellness Center	-	-	-	-	-	-	-	-	-	1
Park Maintenance	-	-	-	-	-	-	-	-	-	6
Housing and Development										
Inspections and Permits	-	-	-	-	-	-	-	-	-	1
Code Enforcement	-	-	-	-	-	-	-	-	-	1
Marketing	-	-	-	-	-	-	-	-	-	3
Mainstreet	-	-	-	-	-	-	-	-	-	1
Airport	-	-	-	-	-	-	-	-	-	2
Grants Administration	-	-	-	-	-	-	-	-	-	2
TOTALS	-	-	-	-	-	-	-	-	-	218

Source: City of Douglas, Georgia Human Resources Department

* The City has not presented the full-time equivalent city government employees by function for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS*

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical Arrests	-	-	-	-	-	-	-	-	-	1,084
Traffic Violations	-	-	-	-	-	-	-	-	-	5,889
911 Calls Anwered	-	-	-	-	-	-	-	-	-	39,074
Fire										
Number of Calls Answered	-	-	-	-	-	-	-	-	-	690
Sanitation										
Residential Customers	-	-	-	-	-	-	-	-	-	4,115
Commercial Customers	-	-	-	-	-	-	-	-	-	883
Water										
Active Meters	-	-	-	-	-	-	-	-	-	5,689
Inactive Meters	-	-	-	-	-	-	-	-	-	691
Main Repairs	-	-	-	-	-	-	-	-	-	20
Average Daily Consumption (in thousands)	-	-	-	-	-	-	-	-	-	3,500
Electric										
Active Meters	-	-	-	-	-	-	-	-	-	5,454
Inactive Meters	-	-	-	-	-	-	-	-	-	362
Average Daily Consumption (in thousands) kwh/s/day	-	-	-	-	-	-	-	-	-	801
Gas										
Active Meters	-	-	-	-	-	-	-	-	-	1,247
Inactive Meters	-	-	-	-	-	-	-	-	-	543
Average Daily Consumption (MCF/day)	-	-	-	-	-	-	-	-	-	1,850

Source: City of Douglas, Georgia Various Departments

* The City has not presented the operating indicators by function for all ten years as generally required. This is the City's initial presentation of a CAFR, therefor not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS*

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	-	-	-	-	-	-	-	-	-	1
Patrol Units	-	-	-	-	-	-	-	-	-	30
Admin & Other Vehicles	-	-	-	-	-	-	-	-	-	11
Fire										
Stations	-	-	-	-	-	-	-	-	-	3
Fire Engines	-	-	-	-	-	-	-	-	-	3
Ladder Trucks	-	-	-	-	-	-	-	-	-	2
Rescue Trucks	-	-	-	-	-	-	-	-	-	1
Sanitation										
Vehicles	-	-	-	-	-	-	-	-	-	11
Collection Trucks	-	-	-	-	-	-	-	-	-	4
Highways and Streets										
Vehicles	-	-	-	-	-	-	-	-	-	19
Non-vehicle Rolling Stock	-	-	-	-	-	-	-	-	-	15
Streets (miles)	-	-	-	-	-	-	-	-	-	135
Streetlights	-	-	-	-	-	-	-	-	-	1,438
Traffic Signals	-	-	-	-	-	-	-	-	-	36
Water										
Water Mains (miles)	-	-	-	-	-	-	-	-	-	120
Fire Hydrants	-	-	-	-	-	-	-	-	-	780
Maximum Daily Capacity (MGD)	-	-	-	-	-	-	-	-	-	6
Sewer										
Vehicles	-	-	-	-	-	-	-	-	-	14
Sanitary Sewer (miles)	-	-	-	-	-	-	-	-	-	130
Max Daily Treatment Capacity (MGD)	-	-	-	-	-	-	-	-	-	6

CITY OF DOUGLAS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION (continued)
LAST TEN FISCAL YEARS*

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gas										
Vehicles	-	-	-	-	-	-	-	-	-	7
Gas Mains:										
Plastic	-	-	-	-	-	-	-	-	-	35
Steel	-	-	-	-	-	-	-	-	-	125
Electric										
Vehicles	-	-	-	-	-	-	-	-	-	11
Power Lines (miles)	-	-	-	-	-	-	-	-	-	126
Substations	-	-	-	-	-	-	-	-	-	4
Recreation										
Vehicles	-	-	-	-	-	-	-	-	-	19
Baseball/Softball Fields	-	-	-	-	-	-	-	-	-	16
Football Fields	-	-	-	-	-	-	-	-	-	1
Tennis Courts	-	-	-	-	-	-	-	-	-	12
Parks	-	-	-	-	-	-	-	-	-	12

Source: City of Douglas, Georgia Various Departments

* The City has not included the capital assets statistics by function for all ten years as generally required. This is the Cty's initial presentation of a CAFR, therefor not all prior year information is available.

SPECIAL REPORTS SECTION

Section I	Reporting on Compliance and on Internal Controls over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *GOVERNMENT AUDITING STANDARDS*
Section II	Reports Required by Single Audit Act

HURST & HURST CPAs
Certified Public Accountants • Small Business Advisors

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

The Honorable Mayor and City Council
City of Douglas, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Douglas, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Douglas, Georgia's basic financial statements, and have issued our report thereon dated December 20, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Douglas, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Douglas, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Douglas, 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 reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given those 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.

Compliance and Other Matters

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

We noted certain matters that were reported to management of City of Douglas, Georgia, in a separate letter dated December 20, 2014.

Purpose of this Report

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

Hurst and Hurst CPAs

Douglas, Georgia
December 20, 2014

REPORT REQUIRED BY SINGLE AUDIT ACT

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Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the City Council
Douglas, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Douglas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Douglas' major federal programs for the year ended December 31, 2014. City of Douglas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Douglas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Douglas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Douglas' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Douglas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of City of Douglas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Douglas' internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Douglas' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of

deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Douglas, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Douglas, Georgia's basic financial statements. We issued our report thereon dated December 20, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit if the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole

Hurst & Hurst

Hurst and Hurst, CPAs
Douglas, Georgia
December 20, 2014

CITY OF DOUGLAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor / Passthrough Grantor / Program Cluster Title	CFDA Number	Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant	14.225	12p-x-034-2-5475	$ 337,485
U.S. Department of Transportation			
Passthrough from:			
Georgia Department of Transportation	20.239	CSTEE-0009-00 (017)	81,789
U.S. Federal Emergency Management Agency			
Passthrough from:			
Georgia Emergency Management Agency	97.067	2010-SS-T0-0034	3,890
National Highway Transportation Safety Administration			
Passthrough from:			
Georgia Governor's Office of Highway Safety	20.600	GA-2014-000-00336	89,189
U.S. Federal Aviation Administration			
Passthrough from:			
Georgia Department of Transportation	20.500	APO12-9019-26(069)	2,850
U.S. Department of Justice			
Direct Programs:			
Bulletproof -Vest Partnership Program	16.607	2013BUBX13065376	2,550
Passthrough from:			
Georgia Bureau of Investigation	16.804	B-82-8-379	9,000
Total U.S. Department of Justice			11,550
Total Expenditures of Federal Awards			$ 526,753

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Douglas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF DOUGLAS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____Yes	__X__None Reported
Significant deficiencies identified not considered to be material weaknesses?	_____Yes	__X__None Reported
Noncompliance material to financial Statements noted?	_____Yes	__X__None Reported

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	_____Yes	__X__None Reported
Significant deficiencies identified not considered to be material weaknesses?	_____Yes	__X__None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____Yes	__X__None Reported

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
14.225	CDBG

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk?	_____Yes __X__No

CITY OF DOUGLAS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.