CITY OF FLEMINGTON, GEORGIA

* * *

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the Fiscal Year Ended
June 30, 2014

* * *

GOLDEN & ASSOCIATES CPA's, LLC

HINESVILLE, GEORGIA

CITY OFFICIALS

As of June 30, 2014

MAYOR
Sandra Martin

COUNCIL
Palmer Dasher
David Edwards
Gail Evans
Paul Hawkins
Charles Richardson
Donnie Smith

CITY CLERK
Terri Willett

CITY ATTORNEY
Craig Stafford

CITY OF FLEMINGTON, GEORGIA
ANNUAL FINANCIAL REPORT
June 30, 2014

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GOLDEN & ASSOCIATES CPA'S, LLC

Post Office Box 967
Hinesville, GA 31310

769 E. Oglethorpe Hwy
Hinesville, GA 31313

INDEPENDENT AUDITOR'S REPORT

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

Reports on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund balance information of the City of Flemington, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of the City of Flemington, Georgia, as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 16 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Informational

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the City of Flemington, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Flemington, Georgia's internal control over financial reporting and compliance.

GOLDEN & ASSOCIATES CPA'S, LLC

Golden & Associates CPA's, LLC

December 9, 2014
Hinesville, Georgia

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

FINANCIAL HIGHLIGHTS

- The assets of the City of Flemington exceeded liabilities by $1,329,175 *(net assets).* Of this amount, $525,713 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by $19,025 during the year.
- Revenues decreased by 8.58% in total
- Expenses for the City decreased by 10.12%

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental or general fund* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net assets* and how they have changed. Net Assets - the difference between the City's assets and liabilities - is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator or whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's tax base and the condition of its infrastructure.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's *funds* - not the City as a whole. Funds are accounting devices required by State law to keep tract of specific sources of funding and spending for particular purposes.

The City has two major governmental funds, the general fund and a special revenue fund for hotel/motel tax. There is one nonmajor capital projects fund. The governmental funds focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Thus, the general fund statement provides a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the general fund statements that explains the differences between them.

Net Assets

Governmental net assets increased by $19,025. The unreserved portion increased by $51,517.

City of Flemington's Net Assets
(In thousands of dollars)

	Governmental Activities		
	Current	Prior	Change
Capital assets	$ 803,462	$ 835,954	$ (32,492)
Current and other assets	597,426	547,646	49,780
Total assets	1,400,888	1,383,600	17,288
Other liabilities	71,713	73,450	(1,737)
Total liabilities	71,713	73,450	(1,737)
Net assets			
Invested in capital assets	803,462	835,954	(32,492)
Reserved	-	-	-
Unreserved	525,713	474,196	51,517
Total net assets	$ 1,329,175	$ 1,310,150	$ 19,025

Changes in net assets Total net assets increased to $1,329,175. Revenues decreased by 8.58% to $640,239 and came from taxes 87.75%, court fines 4.95%, charges for licenses and permits 5.07%, grants 1.35% and interest and other income 0.88%.

The total costs of all programs and services decreased 10.12% to $621,216. This consisted of 31.41% for public safety, 13.86% for Public Works, 6.6% for Sanitation, 0.24% for Health and Welfare and 47.89% for General Government.

BASIC FINANCIAL STATEMENTS

CITY OF FLEMINGTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2014

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash	$ 234,732
Investments	303,970
Accounts Receivable (Net of Allowance for Uncollectibles)	53,192
Interest Receivable	38
Sales Tax Receivable	1,353
Prepaid Insurance	517
Intergovernmental	3,624
Capital Assets (net of accumulated depreciation)	
Land	38,519
Buildings	159,878
Machinery and Equipment	14,773
Infrastructure	590,292
Total Assets	1,400,888
LIABILITIES	
Accounts Payable	69,508
Other Current Liabilities	2,205
Total Liabilities	71,713
NET ASSETS	
Invested in Capital Assets	803,462
Unrestricted	525,713
Total Net Assets	$ 1,329,175

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

CITY OF FLEMINGTON, 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	PRIMARY GOVERNMENT: NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITES:					
General Government	$ 297,298	$ 32,419	$ -	$ -	$ (264,879)
Public Safety	195,126	31,697	-	-	(163,429)
Public Works	86,130	-	8,631	-	(77,499)
Sanitation	41,257	-	-	-	(41,257)
Health and Welfare	1,405	-	-	-	(1,405)
Community Services	-	-	-	-	-
Total Governmental Activities	$ 621,216	$ 64,116	$ 8,631	$ -	(548,469)

General Revenues:	
General Sales taxes	126,320
Selective Sales taxes	16,921
Franchise taxes	57,991
Alcoholic beverage tax	18,878
Insurance taxes	38,327
Intangible Recording Tax	112
Motel / Hotel taxes	303,351
	561,900
Interest Income	550
Other Income	5,044
	567,494
Change in Net Assets	19,025
Beginning Net Assets	1,310,150
Ending Net Assets	$ 1,329,175

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

CITY OF FLEMINGTON, GEORGIA
BALANCE SHEET
June 30, 2014

ASSETS	General Fund	Hotel / Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
Cash	$ 226,946	$ 7,786	$ -	$ 234,732
Investments	303,970	-	-	303,970
Accounts Receivable (Net of Allowance for Uncollectibles)	3,853	49,339	-	53,192
Interest Receivable	38	-	-	38
Sales Tax Receivable	1,353	-	-	1,353
Intergovernmental	3,624			3,624
Prepaid Insurance	517	-	-	517
Total Assets	$ 540,301	$ 57,125	$ -	$ 597,426
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	$ 46,828	$ 22,680	$ -	69,508
Other Current Liabilities	2,205	-	-	2,205
Total Liabilities	49,033	22,680	-	71,713
Fund Balances:				
Nonspendable:				
Prepaid Items	517			517
Unassigned:				
General Fund	490,751	-	-	490,751
Assigned For:				
Special Revenue Fund	-	34,445	-	34,445
Total Fund Balances	491,268	34,445	-	525,713
Reconciliation of Fund Balance To Net Assets of Governmental Activities:				
Capital Assets	803,462	-	-	803,462
Total Liabilities and Fund Balances	$ 1,294,730	$ 57,125	$ -	$ 1,329,175

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

CITY OF FLEMINGTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General Fund	Hotel / Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	$ 258,551	$ 303,351	$ -	$ 561,902
Licenses & Permits	32,418	-	-	32,418
Court Fines	31,696	-	-	31,696
Grants	8,631	-	-	8,631
Interest Earnings	550	-	-	550
Other Income	5,044	-	-	5,044
TOTAL REVENUES	336,890	303,351	-	640,241
EXPENDITURES				
Current Operating:				
General Government (Note 5)	156,805	121,263	-	278,068
Public Safety	190,290	-	-	190,290
Public Works	65,681	-	-	65,681
Sanitation	41,126	-	-	41,126
Health and Welfare	1,405	-	-	1,405
Community Services	-	-	-	-
Capital Outlay	4,667	-	7,487	12,154
TOTAL EXPENDITURES	459,974	121,263	7,487	588,724
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(123,084)	182,088	(7,487)	51,517
OTHER FINANCING SOURCES (USES):				
Transfers In	186,751	-	7,487	194,238
Transfers Out	(7,487)	(186,751)	-	(194,238)
TOTAL OTHER FINANCING SOURCES (USES)	179,264	(186,751)	7,487	-
NET CHANGE IN FUND BALANCE	56,180	(4,663)	-	51,517
BEGINNING FUND BALANCE	435,088	39,108	-	474,196
ENDING FUND BALANCE	$ 491,268	$ 34,445	$ -	$ 525,713
	-	-		-

RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES:	
Net Change in Fund Balance	$ 51,517
Capital Outlays	7,487
Depreciation	(39,979)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 19,025
	-

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City of Flemington was incorporated February 18, 1941, under the provisions of an Act of the General Assembly of Georgia (Ga. Laws 1941, p. 1436). The City operates under a Mayor-Council form of government and provides the following services as provided by its charter: general administration, streets and drainage, public health, parks and recreation, garbage and trash collection, planning and zoning, enforcement of codes and water and sewage services.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. A Component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's financial statements to be misleading or incomplete. There are no potential component units that have not been included as part of the City's reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, is directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as well are expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax, franchise fees, motel tax, alcohol beverage taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Government reports the following major governmental funds:

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

Special Revenue Fund –
Hotel / Motel Tax Fund – This fund is used for the hotel / motel taxes collected as required by law.

D. BUDGETS AND BUDGETARY ACCOUNTING

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

1. On January 24, 1989 the Council elected Council Member Sandra Martin to serve as Budget Officer. It is her responsibility to prepare the budget for presentation to the Council.

2. On a date set by the Council, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

3. On the day the budget is submitted to the Council, a copy is placed in a convenient public place and a notice of its availability is published.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

4. Not later than one week prior to adoption of the budget, the Council conducts a public hearing on the proposed budget.

5. After the public hearing, the Council makes whatever changes it deems necessary and adopts the budget resolution, making the appropriations for the ensuing fiscal year.

6. Any increase in appropriation in any fund for a department of the City, whether accomplished through an increase in anticipated revenues or through a transfer of appropriation requires the approval of the council.

7. Transfers of appropriations in any fund among the various accounts within a department require only the approval of the budget officer, except that an increase in salary appropriation requires the approval of the Council.

8. Budgets for all funds of the City are adopted on a basis that is consistent with the basis of governmental accounting being used (modified accrual basis). This basis is consistent with generally accepted accounting principles.

9. Budgeted amounts are as originally adopted.

E. CAPITAL ASSETS

All capital assets including current infrastructure (sidewalks) are recorded at cost and depreciated (except for land) using the straight-line method over estimated useful lives ranging from 5 to 50 years. The capitalization threshold for all assets is $5,000. Construction interest is capitalized and included in the cost of any constructed fixed assets. Donated fixed assets are valued at their estimated fair market value on the date received.

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

F. INVESTMENTS

For purposes of the statement of cash flows, cash includes all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

State statues authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created under OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services.

For fiscal year 2014, the City invested only in certificates of deposits. The investments are stated at the lower of cost or market value.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City had only prepaid insurance as of June 30, 2013.

I. JOINT VENTURE

Under Georgia law, the City is a member of the Coastal Georgia Regional Development Center and is required to pay annual dues thereto. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC.

Management believes that the RDC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from:

Coastal Georgia Regional Development Center
P.O. Box 1917
Brunswick, Georgia 31521

NOTE 2 - CASH AND INVESTMENTS

The City's deposits are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes deposits uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

At June 30, 2014, cash deposits (including all certificates of deposits and money market accounts which may be classified as investments for financial reporting) totaled approximately $387,174.This entire amount (credit risk type 1) was fully insured and/or collateralized.

NOTE 3 - FIXED ASSETS

A summary of general fixed asset transactions for the year ended June 30, 2014 follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Infrastructure	903,188	7,487	-	910,675
Building	262,719	-	-	262,719
Machinery and Equipment	89,683	-	-	89,683
	1,255,590	7,487	-	1,263,077
Accumulated Depreciation:				
Infrastructure	(300,356)	(20,027)	-	(320,383)
Building	(90,568)	(12,273)	-	(102,841)
Machinery and Equipment	(67,231)	(7,679)	-	(74,910)
	(458,155)	(39,979)	-	(498,134)
Depreciable Capital Assets	797,435	(32,492)	-	764,943
Land	38,519	-	-	38,519
Total Capital Assets	$ 835,954	$ (32,492)	$ -	$ 803,462

Depreciation expense for Governmental Activities was charged as follows:

General Government	$ 14,563
Public Safety	4,836
Public Works	20,449
Sanitation	131
	$ 39,979

NOTE 4 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions for which the City carries insurance coverage. There were no significant reductions of insurance coverage compared to the prior year. There have been no claims against the City in the past three fiscal years.

Self Insurance

The City pays unemployment claims to the state department of labor on a reimbursement basis. There have been no liabilities for such claims.

NOTE 5 - REVENUES & EXPENDITURES - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Revenues are as follows:

	June 30, 2014	June 30, 2013
Alcohol Licenses Tax	$ 23,100	$ 23,450
Business Licenses	9,318	9,788
Hotel / Motel Tax	303,351	303,766
Franchise Fees	57,991	59,570
Alcohol Beverage Tax	18,878	21,708
Insurance Premium Tax	38,327	37,016
State Sales Tax / TAVT	143,241	173,651
Intangible Recording Tax	112	37
Court Fines	31,696	39,291
Grant Proceeds	8,631	24,395
Other Income	5,044	6,912
Interest Earnings	550	772
	$ 640,239	$ 700,356

General Government expenditures are as follows:

	June 30, 2014	June 30, 2013
Salaries	$ 36,171	$ 36,026
General Administration	14,971	10,163
Planning and Zoning	12,511	11,608
Enforcement of Code	2,400	2,400
Council Fees	19,200	19,200
Conventions and Meetings	7,150	4,105
Professional Fees	13,339	14,143
Office Expense	2,532	3,440
Tourism	121,263	121,507
Insurance	8,802	8,045
Rent and Occupancy	28,784	38,188
Payroll Taxes	2,680	2,779
Social Services	3,700	4,000
Miscellaneous	4,565	-
	$ 278,068	$ 275,604

Public Safety expenditures are as follows:

Officer Cost / Equipment	$ 63,207	$ 63,378
Fire Inspections	127,083	91,667
	$ 190,290	$ 155,045

Public Works expenditures are as follows:

Streets and Drainage	$ 65,681	$ 160,437

Sanitation expenditures are as follows:

Solid Waste	$ 41,126	$ 41,141

NOTE 5 - REVENUES & EXPENDITURES - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – Continued

Health and Welfare expenditures are as follows:		
Mosquito Spraying	$ 1,405	$ 2,108
Community Services expenditures are as follows:		
Transit Cost Share	$ -	$ 12,581

NOTE 6 - HOTEL / MOTEL LODGING TAX

The government has levied a 5% lodging tax. Of this tax, 40% of the amount received is paid out to various entities to promote lodging and tourism. A summary of the transactions for the years ending June 30, 2014 follows:

	June 30, 2014
Hotel/Motel tax revenue (accrual basis)	$303,351
Accounts receivable, June 30, 2014	(49,339)
Accounts receivable, June 30, 2013	50,138
Hotel/Motel tax revenue (cash basis)	$304,090
40% of tax receipts required to be disbursed for the year ending June 30th	$121,636
Amounts disbursed for the year ended June 30th:	
Tourism disbursements (accrual basis)	$121,263
Acccounts payable, June 30, 2014	(22,680)
Acccounts payable, June 30, 2013	27,366
Tourism disbursements (cash basis)	$125,949

NOTE 7 - INTERNAL TRANSFERS

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

Transfer In	Transfer Out	Amount
General Fund	Hotel/Motel Fund	$186,751
Nonmajor Governmental Fund	General Fund	$ 7,487

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the Hotel/Motel Fund to finance various programs accounted for in the General Fund in accordance with budgetary authorizations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLEMINGTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2014

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 323,700	$ 323,700	$ 258,551	$ (65,149)
Licenses & Permits	28,950	28,950	32,418	3,468
Court Fines	45,000	45,000	31,696	(13,304)
Grants	-	-	8,631	8,631
Interest Earnings	3,000	3,000	550	(2,450)
Other Income	-	-	5,044	(5,044)
TOTAL REVENUES	400,650	400,650	336,890	(73,848)
EXPENDITURES				
Current Operating:				
General Government (Note 5)	241,400	241,400	156,805	84,595
Public Safety	209,000	209,000	190,290	18,710
Public Works	50,000	61,000	65,681	(4,681)
Sanitation	41,250	41,250	41,126	124
Health Welfare	3,000	3,000	1,405	1,595
Community Services	5,000	5,000	-	5,000
Capital Outlay	36,000	25,000	4,667	20,333
TOTAL EXPENDITURES	585,650	585,650	459,974	125,676
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(185,000)	(185,000)	(123,084)	51,828
OTHER FINANCING SOURCES (USES):				
Transfers In - Hotel/Motel Special Revenue Fund	216,000	216,000	186,751	29,249
Transfers Out - TE Grant Capital Projects Fund	-	-	(7,487)	-
TOTAL OTHER FINANCING SOURCES (USES)	216,000	216,000	179,264	29,249
NET CHANGE IN FUND BALANCE	31,000	31,000	56,180	22,579
BEGINNING FUND BALANCE	435,088	435,088	435,088	-
ENDING FUND BALANCE	$ 466,088	$ 466,088	$ 491,268	$ 22,579

CITY OF FLEMINGTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOTEL-MOTEL TAX
For the Year Ended June 30, 2014

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 315,000	$ 315,000	$ 303,351	$ (11,649)
Licenses & Permits	-	-	-	-
Court Fines	-	-	-	-
Grants	-	-	-	-
Interest Earnings	-	-	-	-
Other Income	-	-	-	-
TOTAL REVENUES	315,000	315,000	303,351	(11,649)
EXPENDITURES				
Current Operating:				
General Government (Note 5)	130,000	130,000	121,263	8,737
Public Safety	-	-	-	-
Public Works	-	-	-	-
Sanitation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	130,000	130,000	121,263	8,737
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	185,000	185,000	182,088	(2,912)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	(216,000)	(216,000)	(186,751)	(29,249)
TOTAL OTHER FINANCING SOURCES (USES)	(216,000)	(216,000)	(186,751)	(29,249)
NET CHANGE IN FUND BALANCE	(31,000)	(31,000)	(4,663)	26,337
BEGINNING FUND BALANCE	39,108	39,108	39,108	-
ENDING FUND BALANCE	$ 8,108	$ 8,108	$ 34,445	$ 26,337
			-	

INDIVIDUAL FUND SCHEDULES

Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in another fund.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Hotel/Motel Fund - This fund is used to account for the collection and disbursement of tax for the purpose of tourism.

CITY OF FLEMINGTON, GEORGIA
General Fund
SCHEDULE OF ASSETS, LIABILITIES FUND BALANCES
June 30, 2014

ASSETS	2014	2013
Cash	$ 226,946	$ 155,393
Investments	303,970	215,445
Accounts Receivable (Net of Allowance for Uncollectibles)	3,853	2,338
Interest Receivable	38	38
Sales Tax Receivable	1,353	1,258
Intergovernmental	3,624	106,222
Prepaid Insurance	517	478
Total Assets	$ 540,301	$ 481,172
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 46,828	$ 43,884
Other Current Liabilities	2,205	2,200
Total Liabilities	49,033	46,084
Fund Balances:		
Nonspendable:		
Prepaid Items	517	478
Unassigned	490,751	434,610
Total Fund Balances	491,268	435,088
Total Liabilities and Fund Balances	$ 540,301	$ 481,172

CITY OF FLEMINGTON, GEORGIA
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Taxes	$ 258,551	$ 291,984
Licenses & Permits	32,418	33,238
Court Fines	31,696	39,290
Grants	8,631	24,395
Interest Earnings	550	772
Other Income	5,044	6,912
TOTAL REVENUES	336,890	396,591
EXPENDITURES		
Current Operating:		
General Government (Note 5)	156,805	154,097
Public Safety	190,290	155,045
Public Works	65,681	160,437
Sanitation	41,126	41,141
Health Welfare	1,405	2,108
Community Services	-	12,581
Capital Outlay	4,667	3,441
TOTAL EXPENDITURES	459,974	528,850
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(123,084)	(132,259)
OTHER FINANCING SOURCES (USES):		
Transfers In - Hotel/Motel Special Revenue Fund	186,751	175,484
Transfers Out - TE Grant Capital Projects Fund	(7,487)	(21,325)
TOTAL OTHER FINANCING SOURCES (USES)	179,264	154,159
NET CHANGE IN FUND BALANCE	56,180	21,900
BEGINNING FUND BALANCE	435,088	413,188
ENDING FUND BALANCE	$ 491,268	$ 435,088

CITY OF FLEMINGTON, GEORGIA
Hotel/Motel - Special Revenue Fund
SCHEDULE OF ASSETS, LIABILITIES FUND BALANCES
June 30, 2014 and 2013

ASSETS	2014	2013
Cash	$ 7,786	$ 16,336
Investments	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	49,339	50,138
Interest Receivable	-	-
Sales Tax Receivable	-	-
Intergovernmental	-	
Prepaid Insurance	-	-
Total Assets	$ 57,125	$ 66,474
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 22,680	$ 27,366
Other Current Liabilities	-	-
Total Liabilities	22,680	27,366
Fund Balances:		
Assigned For:		
Special Revenue Fund	34,445	39,108
Total Fund Balances	34,445	39,108
Total Liabilities and Fund Balances	$ 57,125	$ 66,474

CITY OF FLEMINGTON, GEORGIA
Hotel/Motel - Special Revenue Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Taxes	$ 303,351	$ 303,766
Other Income	-	-
TOTAL REVENUES	303,351	303,766
EXPENDITURES		
Current Operating:		
General Government (Note 5)	121,263	121,506
TOTAL EXPENDITURES	121,263	121,506
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	182,088	182,260
OTHER FINANCING SOURCES (USES):		
Transfers In	-	-
Transfers Out	(186,751)	(175,484)
TOTAL OTHER FINANCING SOURCES (USES)	(186,751)	(175,484)
NET CHANGE IN FUND BALANCE	(4,663)	6,776
BEGINNING FUND BALANCE	39,108	32,332
ENDING FUND BALANCE	$ 34,445	$ 39,108

Nonmajor Governmental Fund

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Project Funds exclude those types of capital-related outflows financial by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

TE Grant Fund - This fund is used to account for federal grants used to construct and improve city sidewalks.

CITY OF FLEMINGTON, GEORGIA
Nonmajor Governmental Fund
TE Grant - Capital Projects Fund
SCHEDULE OF ASSETS, LIABILITIES FUND BALANCES
June 30, 2014 and 2013

ASSETS	2013	2012
Cash	$ -	$ -
Accounts Receivable (Net of Allowance for Uncollectibles)	-	-
Sales Tax Receivable	-	-
Intergovernmental	-	-
Total Assets	$ -	$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ -	$ -
Other Current Liabilities	-	-
Total Liabilities	-	-
Fund Balances:		
Assigned	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ -	$ -

CITY OF FLEMINGTON, GEORGIA
Nonmajor Governmental Fund
TE Grant - Capital Projects Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	$ -	$ -
	-	-
TOTAL REVENUES	-	-
EXPENDITURES		
Capital Outlay	7,487	21,325
TOTAL EXPENDITURES	7,487	21,325
REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(7,487)	(21,325)
OTHER FINANCING SOURCES (USES):		
Transfers In		
General Fund	7,487	21,325
	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,487	21,325
NET CHANGE IN FUND BALANCE	-	-
BEGINNING FUND BALANCE	-	-
ENDING FUND BALANCE	$ -	$ -

COMPLIANCE SECTION

GOLDEN & ASSOCIATES CPA'S, LLC

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769 E. Oglethorpe Hwy
Hinesville, GA 31313

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

To the Honorable Mayor and Council
City of Flemington, 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 *Governmental Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Flemington, 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 Flemington, Georgia's basic financial statements and have issued our report thereon dated December 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Flemington, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Flemington's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Flemington's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficencies.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiencies: 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Flemington, 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.*

City of Flemington, Georgia's Response to Findings

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

Purpose of this Report

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

GOLDEN & ASSOCIATES CPA'S, LLC

Golden & Associates CPA's, LLC

December 9, 2014
Hinesville, Georgia

CITY OF FLEMINGTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Flemington, Georgia

2. A significant deficiency relating to the audit of the financial statements is disclosed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. We do not consider this significant deficiency to be a material weakness.

3. No instances of noncompliance material to the financial statements of the City of Flemington, Georgia were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENTS AUDIT

2012-1: Segregation of Duties

A proper segregation of duties does not exist between the handling of cash receipts and disbursement, access to accounts receivable and accounts payable detail, access to the general ledger, and reconciliation of bank accounts.

Criteria:

Person handling cash receipts or disbursements should not sign checks, perform bank reconciliations, or have access to the accounting system.

Effect:

Single employee / Clerk makes it impractical to segregate duties sufficiently to insure proper cash management and financial reporting.

Recommendation:

The Mayor should review the general ledger monthly and periodically compare it to detail schedules of receipts and disbursements, receipt books and bank reconciliations.

Response:

This office concurs with this finding

CITY OF FLEMINGTON

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CORRECTIVE ACTION PLAN

For The Year Ended June 30, 2014

ALL FUNDS:

FINDING:

Proper segregation of duties does not exist.

OUR RESPONSE:

A single employee / City Clerk makes it impractical to segregate duties sufficiently to insure proper cash management and financial reporting. Currently, we are financially unable to hire additional personnel. The Mayor does and always has reviewed the general ledger monthly and periodically and compared it to detailed accounting records.

Respectfully Submitted,

Sandra S. Martin
Mayor, City of Flemington