# CITY OF GLENNVILLE, GEORGIA

## FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

## FOR THE YEAR ENDED JUNE 30, 2014

# CITY OF GLENNVILLE, GEORGIA
# TABLE OF CONTENTS


| | PAGE NO. |
|---|---|
| **INDEPENDENT AUDITOR'S REPORT** | 1-3 |
| **BASIC FINANCIAL STATEMENTS:** | |
| **Government-Wide Financial Statements:** | |
| Statement of Net Position – Government-Wide | 4 |
| Statement of Activities and Changes in Net Position – Government-Wide | 5 |
| **Governmental Fund Financial Statements:** | |
| Balance Sheet – Governmental Funds | 6 |
| Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balances-Government Funds | 8 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position | 9 |
| Budgetary Comparison Schedule – General Fund | 10 |
| **Proprietary Fund Financial Statements:** | |
| Statement of Net Position – Proprietary Funds | 11-12 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 13 |
| Statement of Cash Flows – Proprietary Funds | 14-15 |
| **Component Unit Financial Statements:** | |
| Combining Statement of Net Position – Component Units | 16 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Component Units | 17 |
| **Notes to the Financial Statements** | 18-38 |

# CITY OF GLENNVILLE, GEORGIA
# TABLE OF CONTENTS


PAGE NO.

**COMBINING AND INDIVIDUAL FUND SCHEDULES:**

Major Funds –

Budgetary Comparison Schedule – Major Capital Project Fund – Special Sales Tax Fund 39

Budgetary Comparison Schedule – Major Capital Project Fund – T-Splost Fund 40

Non-major Governmental Funds –

Combining Balance Sheet 41

Combining Statement of Revenues, Expenditures and Changes in Fund Balance 42

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Non-major Governmental Funds:

Drug Seizure Fund 43

Grant Fund 44

Hotel/Motel Tax Fund 45

Recreation Commission 46

**ADDITIONAL REPORTS**

Schedules of Projects Constructed with Special Sales Tax Proceeds 47-48

Independent Auditor's Report on Compliance with Requirements applicable to Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 49-50

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glennville, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glennville, Georgia's basic financial statements. The combining and individual non-major fund financial statements, financial schedules, and budgetary schedules, 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 schedule of projects paid with special 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 and America. In our opinion, the combining and individual non-major fund financial statements and the schedule of projects paid with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014, on our consideration of the City of Glennville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Glennville, Georgia's internal control over financial reporting and compliance.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

November 6, 2014

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

| | Primary Government | | | Component Units |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | |
| **Assets** | | | | |
| Cash and Equivalents | $ 1,406,824 | $ 1,391,830 | $ 2,798,654 | $ 123,468 |
| Receivables | 245,093 | 168,248 | 413,341 | - |
| Prepaids | 5,839 | 1,700 | 7,539 | - |
| Restricted Cash and Equivalents | - | 1,098,682 | 1,098,682 | - |
| Original Issue Discount | - | 76,419 | 76,419 | - |
| Capital Assets | | | | |
| Non-depreciable | 231,930 | 507,747 | 739,677 | 856,228 |
| Depreciable (net) | 3,501,882 | 8,265,822 | 11,767,704 | - |
| Total Assets | $ 5,391,568 | $ 11,510,448 | $ 16,902,016 | $ 979,696 |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | $ 103,523 | $ 110,167 | $ 213,690 | $ - |
| Deposits | - | 110,985 | 110,985 | - |
| Long-term liabilities | | | | |
| Due within one year | | | | |
| Notes payable | 12,966 | 3,324 | 16,290 | - |
| Capital lease obligations | 47,947 | 5,059 | 53,006 | |
| Bonds payable | - | 285,000 | 285,000 | - |
| Compensated Absences | 8,550 | 1,765 | 10,315 | - |
| Due in more than one year | | | | |
| Notes payable | 8,932 | 3,452 | 12,384 | - |
| Capital lease obligations | 63,459 | 22,081 | 85,540 | |
| Bonds payable | - | 6,995,000 | 6,995,000 | - |
| Compensated absences | 34,200 | 7,062 | 41,262 | - |
| Total liabilities | 279,577 | 7,543,895 | 7,823,472 | - |
| **Net Position** | | | | |
| Invested in capital assets, net of related debt | 3,622,406 | 1,459,653 | 5,082,059 | 856,228 |
| Restricted for: | | | | |
| Debt Service | - | 987,697 | 987,697 | - |
| Special Sales Tax | 384,011 | - | 384,011 | - |
| Drug Seizure | 11,103 | - | 11,103 | - |
| Hotel Motel | 3,112 | - | 3,112 | - |
| Recreation | 17,454 | - | 17,454 | - |
| Unrestricted | 1,073,905 | 1,519,203 | 2,593,108 | 123,468 |
| Total net position | $ 5,111,991 | $ 3,966,553 | $ 9,078,544 | $ 979,696 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| **Primary government** | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General Government | $ 459,588 | $ 109,787 | $ - | $ 7,760 | $ (342,041) | $ - | $ (342,041) | |
| Municipal Court | 54,080 | - | - | - | (54,080) | - | (54,080) | |
| Public Safety | 1,067,792 | 176,103 | - | 7,998 | (883,691) | - | (883,691) | |
| Public Works | 961,323 | 374,912 | - | 153,516 | (432,895) | - | (432,895) | |
| Community Development | 43,546 | - | - | - | (43,546) | - | (43,546) | |
| Culture and recreation | 362,675 | 57,913 | 123,900 | - | (180,862) | - | (180,862) | |
| Interest on Long-term debt | 5,424 | - | - | - | (5,424) | - | (5,424) | |
| Total governmental activities | 2,954,428 | 718,715 | 123,900 | 169,274 | (1,942,539) | - | (1,942,539) | |
| Business-type activities: | | | | | | | | |
| Water and Sewer | 1,589,551 | 1,396,197 | - | 457,353 | - | 263,999 | 263,999 | |
| Total business-type activities | 1,589,551 | 1,396,197 | - | 457,353 | - | 263,999 | 263,999 | |
| **Total primary government** | $ 4,543,979 | $ 2,114,912 | $ 123,900 | $ 626,627 | $ (1,942,539) | $ 263,999 | $ (1,678,540) | |
| **Component Units** | | | | | | | | |
| Downtown Development Authority | 5,917 | - | 10,000 | - | | | | 4,083 |
| Development Authority | 3,340 | 3,000 | 10,000 | - | | | | 9,660 |
| Total component units | $ 9,257 | $ 3,000 | $ 20,000 | $ - | | | | $ 13,743 |
| **General revenues:** | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes | | | | | $ 781,727 | $ - | $ 781,727 | $ - |
| Sales Taxes | | | | | 985,952 | - | 985,952 | - |
| Franchise Fee | | | | | 231,364 | - | 231,364 | - |
| Other Taxes | | | | | 353,581 | - | 353,581 | - |
| Unrestricted investment earnings | | | | | 4,984 | 14,232 | 19,216 | 523 |
| Miscellaneous | | | | | 3,858 | - | 3,858 | - |
| Gain on sale of asset | | | | | 8,061 | - | 8,061 | - |
| Total general revenues, special items, and transfers | | | | | 2,369,527 | 14,232 | 2,383,759 | 523 |
| Change in net position | | | | | 426,988 | 278,231 | 705,219 | 14,266 |
| Net position - beginning, as stated | | | | | 4,713,559 | 3,688,322 | 8,401,881 | 965,430 |
| Prior period adjustment | | | | | (28,556) | - | (28,556) | - |
| Net position - beginning, as restated | | | | | 4,685,003 | 3,688,322 | 8,373,325 | 965,430 |
| Net position - ending | | | | | $ 5,111,991 | $ 3,966,553 | $ 9,078,544 | $ 979,696 |

The accompanying notes are an integral part of these statements.

# CITY OF GLENNVILLE, GEORGIA
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# JUNE 30, 2014

| | GENERAL FUND | SPECIAL SALES TAX | T SPLOST | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 1,023,256 | $ 312,174 | $ 34,304 | $ 37,090 | $ 1,406,824 |
| Receivables (net): | | | | | |
| Taxes | 66,835 | 62,071 | 7,885 | 1,396 | 138,187 |
| Accounts | 41,817 | - | - | - | 41,817 |
| Due from other funds | 11,099 | 44,400 | - | - | 55,499 |
| Receivable from other governments | 11,262 | - | - | 53,021 | 64,283 |
| Other receivables | 807 | - | - | - | 807 |
| Prepaid expenses | 5,839 | - | - | - | 5,839 |
| Total Assets | 1,160,915 | 418,645 | 42,189 | 91,507 | 1,713,256 |
| **LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 76,676 | 6,264 | - | 1,331 | 84,271 |
| Due to other funds | - | - | 8,488 | 47,011 | 55,499 |
| Other accrued expenses | 16,378 | - | - | 2,875 | 19,253 |
| Total Liabilities | 93,054 | 6,264 | 8,488 | 51,217 | 159,023 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Property tax revenue | 18,376 | - | - | - | 18,376 |
| Unavailable revenue | 35,070 | 62,071 | - | 8,621 | 105,762 |
| Total Deferred Inflows of Resources | 53,446 | 62,071 | - | 8,621 | 124,138 |
| Fund balances: | | | | | |
| Nonspendable | 5,839 | - | - | - | 5,839 |
| Restricted | - | 350,310 | 33,701 | 31,669 | 415,680 |
| Unassigned | 1,008,576 | - | - | - | 1,008,576 |
| Total Fund Balances | 1,014,415 | 350,310 | 33,701 | 31,669 | 1,430,095 |
| Total Liabilities, Deferred Inflows and Fund balances | $ 1,160,915 | $ 418,645 | $ 42,189 | $ 91,507 | $ 1,713,256 |

The accompanying notes are an integral part of these statements.

## CITY OF GLENNVILLE, GEORGIA
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
## TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
## AS OF JUNE 30, 2014

| | | |
|---|---|---|
| Total fund balance, governmental funds | $ | 1,430,095 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. | | 3,733,812 |
| Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Government-wide Statement of Net Position. | | |
| Notes payable | | (21,898) |
| Capital lease obligations | | (111,406) |
| Compensated absences | | (42,750) |
| Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements. | | 124,138 |
| Net Position of Governmental Activities in the Statement of Net Position | $ | 5,111,991 |

The accompanying notes are an integral part of these statements.

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

| | GENERAL FUND | SPECIAL SALES TAX | T SPLOST | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Taxes | $ 1,676,126 | $ - | $ - | $ 14,460 | $ 1,690,586 |
| Fines and forfeitures | 125,226 | - | - | 9,918 | 135,144 |
| Licenses and permits | 81,281 | - | - | - | 81,281 |
| Intergovernmental | - | 187,004 | 396,362 | 217,025 | 800,391 |
| Charges for services | 428,053 | - | - | 57,913 | 485,966 |
| Investment earnings | 4,937 | 592 | 146 | 48 | 5,723 |
| Miscellaneous | 19,804 | - | - | 1,414 | 21,218 |
| Total Revenues | 2,335,427 | 187,596 | 396,508 | 300,778 | 3,220,309 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 444,183 | - | - | - | 444,183 |
| Public safety | 928,594 | - | - | 11,866 | 940,460 |
| Public works | 404,224 | - | - | 68,413 | 472,637 |
| Sanitation | 362,851 | - | - | - | 362,851 |
| Community development | 22,387 | - | - | 16,475 | 38,862 |
| Culture and recreation | 23,676 | - | - | 194,024 | 217,700 |
| Municipal court | 54,080 | - | - | - | 54,080 |
| Debt Service: | | | | | |
| Principal | - | 47,278 | - | 128,840 | 176,118 |
| Interest and other charges | - | 4,129 | - | 1,295 | 5,424 |
| Capital outlay | 56,089 | 129,896 | 385,630 | - | 571,615 |
| Total Expenditures | 2,296,084 | 181,303 | 385,630 | 420,913 | 3,283,930 |
| Excess (Deficiency) of Revenues Over Expenditures | 39,343 | 6,293 | 10,878 | (120,135) | (63,621) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 98,820 | 98,820 |
| Transfers out | (98,820) | - | - | - | (98,820) |
| Proceeds from other financing sources | 56,089 | - | - | - | 56,089 |
| Proceeds from sale of assets | 8,061 | - | - | - | 8,061 |
| Total Other Financing Sources (Uses) | (34,670) | - | - | 98,820 | 64,150 |
| Net Change in Fund Balances | 4,673 | 6,293 | 10,878 | (21,315) | 529 |
| Fund Balances - Beginning of Year, as stated | 1,061,121 | 245,909 | - | 151,092 | 1,458,122 |
| Prior period adjustments | (51,379) | 98,108 | 22,823 | (98,108) | (28,556) |
| Fund Balances - Beginning of Year, as restated | 1,009,742 | 344,017 | 22,823 | 52,984 | 1,429,566 |
| Fund Balances - Ending of Year | $ 1,014,415 | $ 350,310 | $ 33,701 | $ 31,669 | $ 1,430,095 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNEMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds: | $ | 529 |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of $617,288 exceeded depreciation of $287,232 in the current period. | | 330,056 |
| Revenues reported on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds: | | |
| Deferred revenues | | (25,738) |
| Revenues not reported on the statement of activities that provide current financial resources are reported as revenues in governmental funds: | | |
| Proceeds from capital leases | | (56,089) |
| Repayment of principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities: | | |
| Line of credit principle payments | | 115,294 |
| Notes payable principle payments | | 12,402 |
| Capital lease principal payments | | 52,217 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds: | | |
| Changes in long-term compensated absences | | (1,683) |
| Change in Net Position of Governmental Activities | $ | 426,988 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Over (Under) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues** | | | | |
| Taxes | $ 1,606,455 | $ 1,652,385 | $ 1,676,126 | $ 23,741 |
| Fees and fines | 139,225 | 140,291 | 125,226 | (15,065) |
| Licenses and permits | 75,100 | 81,322 | 81,281 | (41) |
| Charges for services | 413,176 | 432,561 | 428,053 | (4,508) |
| Investment earnings | 7,025 | 7,037 | 4,937 | (2,100) |
| Intergovernmental | 48,000 | - | - | - |
| Miscellaneous | 19,164 | 22,065 | 19,804 | (2,261) |
| Proceeds from other financing sources | - | - | 56,089 | 56,089 |
| Proceeds from sale of assets | - | 8,061 | 8,061 | - |
| Total Revenues | 2,308,145 | 2,343,722 | 2,399,577 | 55,855 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 473,362 | 461,915 | 444,183 | 17,732 |
| Public safety | 951,704 | 937,054 | 928,594 | 8,460 |
| Public works | 370,083 | 404,595 | 404,224 | 371 |
| Sanitation | 350,600 | 362,857 | 362,851 | 6 |
| Community development | 23,025 | 24,037 | 22,387 | 1,650 |
| Culture and recreation | 26,400 | 27,925 | 23,676 | 4,249 |
| Municipal court | 57,535 | 63,535 | 54,080 | 9,455 |
| Capital outlay | 1,000 | 138 | 56,089 | (55,951) |
| Transfers out | 98,820 | 98,820 | 98,820 | - |
| Total Expenditures | 2,352,529 | 2,380,876 | 2,394,904 | (14,028) |
| Excess (Deficiency) Of Revenues Over Expenditures | (44,384) | (37,154) | 4,673 | 69,883 |
| Fund Balances - Beginning of Year, as stated | 1,061,121 | 1,061,121 | 1,061,121 | - |
| Prior Period Adjustments | (51,379) | (51,379) | (51,379) | - |
| Fund Balances - Beginning of Year, as restated | 1,009,742 | 1,009,742 | 1,009,742 | - |
| Fund Balances - Ending of Year | $ 965,358 | $ 972,588 | $ 1,014,415 | $ 69,883 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
JUNE 30, 2014

ASSETS

| | | |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ | 1,391,830 |
| Accounts receivable, net | | 158,780 |
| Other receivables | | 9,468 |
| Current portion of original issue discount | | 3,639 |
| Prepaid expenses | | 1,700 |
| Total Current Assets | | 1,565,417 |
| **Non-Current Assets** | | |
| Restricted Assets - cash and cash equivalents | | 1,098,682 |
| Total Restricted Assets | | 1,098,682 |
| Capital Assets | | |
| Land | | 507,747 |
| Water and sewer system | | 15,825,355 |
| Equipment and furniture | | 454,995 |
| Total capital assets | | 16,788,097 |
| Less Accumulated depreciation | | (8,014,528) |
| Net Capital Assets | | 8,773,569 |
| Other Non-Current Assets | | |
| Original issue discount (net of current portion) | | 72,780 |
| Total Non-Current Assets | | 9,945,031 |
| Total Assets | $ | 11,510,448 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
JUNE 30, 2014

| | | |
|---|---|---|
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts payable | $ | 16,089 |
| Accrued payroll | | 2,361 |
| Accrued interest payable | | 91,717 |
| Current portion of compensated absences | | 1,765 |
| Current portion of long-term debt - capital leases | | 5,059 |
| Current portion of long-term debt - notes payable | | 3,324 |
| Current portion of long-term debt - bonds payable | | 285,000 |
| Total Current Liabilities | | 405,315 |
| Current liabilites (payable from restricted assets) | | |
| Water Deposits | | 110,985 |
| Total Current Liabilities (payable from restricted assets) | | 110,985 |
| **Non-Current Liabilites** | | |
| Compensated absences payable (net of current portion) | | 7,062 |
| Capital leases payable (net of current portion) | | 22,081 |
| Notes payable (net of current portion) | | 3,452 |
| Bonds payable (net of current portion) | | 6,995,000 |
| Total Non-Current Liabilities | | 7,027,595 |
| Total Liabilities | | 7,543,895 |
| **NET POSITION** | | |
| Invested in capital assets, net of related debt | | 1,459,653 |
| Restricted for debt service | | 987,697 |
| Unrestricted | | 1,519,203 |
| Total Net Position | $ | 3,966,553 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | |
|---|---|
| **Revenues** | |
| Charges for services | $ 1,393,536 |
| Total Operating Revenues | 1,393,536 |
| | |
| **Operating Expenses** | |
| Personal services | 223,043 |
| Contractual services | 94,897 |
| Utilities | 247,115 |
| Repairs and maintenance | 154,372 |
| Other supplies and expenses | 123,175 |
| Insurance claims and expenses | 40,605 |
| Miscellaneous expenses | 7,253 |
| Depreciation expense | 511,614 |
| | |
| Total Operating Expenses | 1,402,074 |
| | |
| Operating (Loss) | (8,538) |
| | |
| **Non-Operating Revenues (Expenses)** | |
| Interest and investment revenue | 14,232 |
| Miscellaneous revenue | 2,661 |
| Interest expense | (187,477) |
| | |
| Total Non-Operating Revenue (Expenses) | (170,584) |
| | |
| (Loss) Before Contributions And Transfers | (179,122) |
| | |
| Capital grants and contributions | 457,353 |
| | |
| Total Other Financing Sources | 457,353 |
| | |
| Change in net position | 278,231 |
| | |
| Total net position - beginning | 3,688,322 |
| Total net position - ending | $ 3,966,553 |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | | |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Cash received from customers: | $ | 1,361,456 |
| Cash paid to suppliers | | (381,414) |
| Cash paid to employees | | (221,677) |
| Net Cash Provided By Operating Activities | | 758,365 |
| **Cash Flows From Capital And Related Financing Activities** | | |
| Principal paid on capital leases payable | | (12,756) |
| Principal paid on notes payable | | (3,196) |
| Principal paid on bonds payable | | (195,000) |
| Acquisition and contruction of capital assets | | (256,036) |
| Interest payments | | (185,993) |
| Net Cash (Used In) Capital And Related Activities | | (652,981) |
| **Cash Flows From Investing Activities** | | |
| Interest on cash deposits | | 14,232 |
| Miscellaneous non-operating revenue | | 2,661 |
| Net Cash Provided By Investing Activities | | 16,893 |
| Net Increase In Cash | | 122,277 |
| Cash Beginning of Year | | 2,368,235 |
| Cash at End of Year | $ | 2,490,512 |

**RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | | |
|---|---|---|
| Operating (Loss) | $ | (8,538) |
| Adjustments To Reconcile Operating (Loss) To Net Cash Provided By Operating Activities: | | |
| Depreciation and amortization | | 511,614 |
| Change in Assets and Liabilities: | | |
| Accounts receivable | | (29,373) |
| Other receivables | | (1,592) |
| Due from other funds | | 347 |
| Prepaid expenses | | 288,560 |
| Accounts payable | | (15,527) |
| Accrued expenses | | 1,367 |
| Customer deposits | | 11,507 |
| Net Cash Provided By Operating Activities | $ | 758,365 |

The accompanying notes are an integral part of these statements.

# CITY OF GLENNVILLE, GEORGIA
# STATEMENT OF CASH FLOWS
# PROPRIETARY FUND - WATER AND SEWER FUND
# FOR THE YEAR ENDED JUNE 30, 2014

| | | |
|---|---|---|
| Cash Per Financial Statements, Including Investments | $ | 2,490,512 |
| Less: Non-Cash Equivalents | | - |
| Total Cash | $ | 2,490,512 |
| | | |
| Non-cash transactions: | | |
| Purchase of assets through capital lease obligations | $ | 27,140 |

The accompanying notes are an integral part of these statements.

# CITY OF GLENNVILLE, GEORGIA
# COMBINING STATEMENT OF NET POSITION
# COMPONENT UNITS
# JUNE 30, 2014

| | DOWNTOWN DEVELOPMENT AUTHORITY | DEVELOPMENT AUTHORITY | TOTAL COMPONENT UNITS |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 81,468 | $ 42,000 | $ 123,468 |
| Non-depreciable capital assets | 86,894 | 769,334 | 856,228 |
| Total Assets | 168,362 | 811,334 | 979,696 |
| **NET POSITION** | | | |
| Net investment in capital assets | 86,894 | 769,334 | 856,228 |
| Unrestricted | 81,468 | 42,000 | 123,468 |
| Total Net Position | $ 168,362 | $ 811,334 | $ 979,696 |

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

# CITY OF GLENNVILLE, GEORGIA
# COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
# COMPONENT UNITS
# JUNE 30, 2014

| | DOWNTOWN DEVELOPMENT AUTHORITY | DEVELOPMENT AUTHORITY | TOTAL COMPONENT UNITS |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Rent | $ - | $ 3,000 | $ 3,000 |
| Total Operating Revenues | - | 3,000 | 3,000 |
| **OPERATING EXPENSES** | | | |
| Other | 5,917 | 3,340 | 9,257 |
| Total Operating Expenses | 5,917 | 3,340 | 9,257 |
| Operating (Loss) | (5,917) | (340) | (6,257) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | |
| Intergovernmental | 10,000 | 10,000 | 20,000 |
| Interest income | 473 | 50 | 523 |
| Total Non-Operating Revenues (Expenses) | 10,473 | 10,050 | 20,523 |
| Change in net position | 4,556 | 9,710 | 14,266 |
| Total net position - beginning | 163,806 | 801,624 | 965,430 |
| Total net position - ending | $ 168,362 | $ 811,334 | $ 979,696 |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Glennville, Georgia was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways, streets, and sanitation), water and sewer services, community development, community services (library, cemetery, and recreation) and general administrative services.

### A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

### Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### B. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; of (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the City's discretely presented component units follows:

**Downtown Development Authority of the City of Glennville and Development Authority of the City of Glennville** (the Authorities)

The Authorities are public corporations created to promote industry, trade, and economic growth in the City. The City appoints the members of each authority's board and assists with its funding. Separate financial statements are not prepared by the two authorities.

### Related Organizations

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

### C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

**General Fund** - The General Fund is used to account for all revenues and expenditures applicable to the general operations of City government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the general fund.

**Special Sales Tax Fund** - The fund accounts for the special purpose local option sales tax received from Tattnall County to be spent for various capital improvements.

**T-Splost Fund** - The fund accounts for the transportation special purpose local option sales tax received from the Georgia Department of Transportation to be spent for capital improvements.

The other governmental funds of the City account for other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital projects.

### Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

**Water & Sewer Fund** The fund accounts for financing and costs of providing water and sewer services to residents of the City.

Proprietary funds distinguish operating revenues and expenses from Nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and service. Operating expenses for enterprise funds and internal service 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 Nonoperating revenues and expenses.

### D. Measurement Focus

*Government-Wide Financial Statements*

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses verses expenditures.

**F. Revenues – Exchange and Nonexchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes are recognized in the year for which the taxes are levied. Revenues from sales taxes are recognized in the period in which the sales are made. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the year when use is first permitted; matching requirements in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes, grants, interest, and rent.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### G. Deferred Outflows/Inflows of Resources

The City adopted new accounting guidance, GASB Statement no. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position.* This standard modified terminology and presentation of certain accounts.

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category on the governmental funds balance sheet.

The following amounts are deferred and recognized as an inflow of resources in the period that the amounts become available:

| Unavailable Revenue | General Fund | Special Sales Tax | Recreation Commission |
|---|---|---|---|
| Property taxes | $ 18,376 | $ - | $ - |
| Unavailable revenue | 35,070 | 62,071 | 8,621 |
| | $ 53,446 | $ 62,071 | $ 8,621 |

### H. Expenses/ Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

### I. FASB Statements and Interpretations

For Proprietary activities, all FASB Statements and Interpretations issued after November 30, 1989 have been applied except for those that conflict with or contradict GASB pronouncements.

### J. Budgets and Budgetary Accounting

An annual budget is adopted (as required by law) by the City for the general and special revenue funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

All unexpected annual appropriations lapse at year-end.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### K. Cash and Cash Equivalents

For the proprietary fund types a statement of cash flows is presented, as is required by GASB Statement 9, instead of a statement of changes in financial position. For this statement, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant rates of changes in value because of changes in interest rates.

### L. Investments

The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks located within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government.

All investments are stated at market value.

### M. Capital Assets

General capital assets are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

The cost of infrastructure assets, including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems acquired during the current fiscal year is recorded in the government-wide financial statements. The City is not required to and will not record acquisitions prior to June 30, 2003.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|---|---|
| Building | 15-40 years |
| Improvements other than building | 10-15 years |
| Machinery and Equipment | 5-10 years |
| Water and sewer system | 15-30 years |
| Infrastructure | 15-25 years |

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

### N. Inventories

Materials purchased are shown as expenditures when acquired and are not inventories at June 30, 2014 due to lack of materiality.

### O. Allowance For Doubtful Accounts

The City provides an allowance for the Water and Sewer Fund accounts receivable and the Property tax accounts receivable that may be uncollectible. At June 30, 2014, the allowances are $3,000 and $0, respectively. No other allowances for uncollectible accounts receivable are necessary. All other accounts receivable are considered collectible as reported at June 30, 2014.

### P. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

### Q. Accrued and Long - Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable form the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

*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 wither through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.

*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 positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position - Net position represent the difference between assets and liabilities. Invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when as described in the fund balance section above. All other net position is reported as unrestricted.

### S. Prepaid Expenditures

Payments made to various vendors for items or services for a future period are recorded as prepaid expenditures.

### T. Estimates

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### U. 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 deferred and amortized over the life of the bonds using the straight line method.

At the governmental 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.

## NOTE 2 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds' expenditures/expenses exceeded appropriations:

| | Expenditures/ Expenses Actual | Appropriations | Amount Exceeding Appropriations |
|---|---|---|---|
| Fund Level | | | |
| Grant Fund | $ 191,705 | $ 160,780 | $ 30,925 |
| Recreation Commission | 208,865 | - | 208,865 |
| | | | |
| Departmental Level | | | |
| General Fund | | | |
| Capital outlay | 56,089 | 138 | 55,951 |

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS

As of June 30, 2014, the carrying amount of the City's bank deposits was $3,897,336 and the respective bank balances totaled $3,974,676. Of the total bank balance, $277,704 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $3,696,972 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the city.

As of June 30, 2014, the City's carrying amount of deposits, related bank balances, and other cash, were as follows:

| | Carrying Amount | Bank Balance |
|---|---|---|
| Demand deposits | $ 3,897,086 | $ 3,974,676 |
| Petty Cash | 250 | - |
| | | |
| Totals | $ 3,897,336 | $ 3,974,676 |

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS, CONTINUED

As of June 30, 2014, the carrying amount of the City's component units' bank deposits was $123,468 and the respective bank balances totaled $123,468. The total bank balance was insured through the Federal Depository Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2014, $3,696,972 of the City's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

## NOTE 4 – PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1 of each year. Property taxes are billed on or about October 15th of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e. collectible in 60 days). For the year ended June 30, 2014, property taxes were levied on October 17, 2013 and were due December 30, 2013.

## NOTE 5 – HOTEL/MOTEL LODGING TAX

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to O.C.G.A 48-13-51(a)(3.7). The tax rate is 5% and is levied on a monthly basis. The City received $14,460 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2014. The City disbursed $16,475 for the promotion of tourism.

## NOTE 6 – INTERFUND TRANSFERS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds.

Transfers between funds during the year ended June 30, 2014 were as follows:

| | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ - | $ 98,820 |
| Recreation Commission | 98,820 | - |
| | $ 98,820 | $ 98,820 |

## NOTE 7 – INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded.

Individual fund interfund receivable and payable balances at June 30, 2014 are as follows:

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $ 11,099 | $ - |
| Grant Fund | - | 44,400 |
| Special Sales Tax | 44,400 | - |
| T-Splost Fund | - | 8,488 |
| Recreation Commission | - | 2,611 |
| | $ 55,499 | $ 55,499 |

## NOTE 8 - CAPITAL ASSETS

A summary of changes in fixed assets for the year ended June 30, 2014 is as follows:

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land | $ 129,680 | $ - | $ - | $ 129,680 |
| Construction in Progress | 989,221 | 21,498 | 908,469 | 102,250 |
| Total Nondepreciable Capital Assets | 1,118,901 | 21,498 | 908,469 | 231,930 |
| Depreciable Capital Assets: | | | | |
| Buildings | 1,260,190 | - | - | 1,260,190 |
| Improvements other than building | 596,860 | 13,801 | - | 610,661 |
| Machinery and Equipment | 1,501,225 | 74,413 | - | 1,575,638 |
| Infrastructure | 1,621,393 | 1,416,045 | - | 3,037,438 |
| Total Capital Assets | 6,098,569 | 1,525,757 | 908,469 | 6,715,857 |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (658,016) | (29,126) | - | (687,142) |
| Improvements other than building | (395,792) | (23,919) | - | (419,711) |
| Machinery and Equipment | (1,182,813) | (136,097) | - | (1,318,910) |
| Infrastructure | (458,192) | (98,090) | - | (556,282) |
| Governmental Activities Capital Assets, Net | $ 3,403,756 | $ 1,238,525 | $ 908,469 | $ 3,733,812 |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---|
| Governmental Activities: | |
| General Government | $ 11,640 |
| Public Safety | 119,010 |
| Public Works | 104,685 |
| Culture and Recreation | 47,215 |
| Community Development | 4,682 |
| Total Depreciation Expense-Governmental Activities | $ 287,232 |

## NOTE 8 - CAPITAL ASSETS, CONTINUED

A summary of changes in fixed assets for the City's enterprise fund for the year ended June 30, 2014 is as follows:

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|---|---|---|---|
| Business-Type Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land and Improvements | $ 507,747 | - | - | $ 507,747 |
| Construction in Progress | 114,563 | 692,531 | 807,094 | - |
| Total Nondepreciable Capital Assets | 622,310 | 692,531 | 807,094 | 507,747 |
| Depreciable Capital Assets: | | | | |
| Water and sewer system | 14,997,402 | 827,952 | - | 15,825,354 |
| Machinery and Equipment | 427,855 | 27,140 | - | 454,995 |
| Total Capital Assets | 16,047,567 | 1,547,623 | 807,094 | 16,788,096 |
| Less Accumulated Depreciation For: | | | | |
| Water and sewer system | (7,184,265) | (477,089) | - | (7,661,354) |
| Machinery and Equipment | (318,648) | (34,525) | - | (353,173) |
| Business-Type Activities Capital Assets, Net | $ 8,544,654 | $ 1,036,009 | $ 807,094 | $ 8,773,569 |

### Discretely Presented Component Units

A summary of changes in fixed assets for the Downtown Development Authority for the year ended June 30, 2014 is as follows:

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|---|---|---|---|
| Land | $ 86,894 | $ - | $ - | $ 86,894 |

A summary of changes in fixed assets for the Development Authority for the year ended June 30, 2014 is as follows:

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|---|---|---|---|
| Land | $ 762,398 | $ 6,936 | $ - | $ 769,334 |

## NOTE 9 – WATER AND SEWER REVENUE BONDS

In October 2001, the City of Glennville issued a $3,933,700 City of Glennville Water and Sewer Revenue Bond, Series 2000A, a $3,579,406 City of Glennville Water and Sewer Revenue Bond, Series 2000B, and a $531,600 City of Glennville Water and Sewer Revenue Bond, Series 2000C. The bonds were issued in order to provide funds needed to pay the cost, in part, of acquiring, constructing, and equipping improvements, additions to, and extensions of the water and sewer system of the City. In October 2012, the City of Glennville consolidated these bonds and a note payable into a $7,475,000 Series 2012 Bond. For this bond, there is an original issue discount of $80,058 which will be amortized over the life of the bond.

This bond is payable solely from the revenues derived from the ownership and operation of the water and sewer system.

The bonds require the monthly deposit of funds equivalent to ten percent of the monthly installment of principal and interest on the bonds into a bond reserve account.

An interest only payment is due January 1 and a principal and interest payment is due July 1 of each year with the final payment July 1, 2034. Interest rates vary by year from 1.5% to 3.375%.

As of June 30, 2014, debt service requirements for the Series 2012 revenue bond is as follows:

| Year Ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $ 285,000 | $ 180,584 | $ 465,584 |
| 2016 | 290,000 | 174,834 | 464,834 |
| 2017 | 300,000 | 168,934 | 468,934 |
| 2018 | 305,000 | 162,884 | 467,884 |
| 2019 | 310,000 | 156,734 | 466,734 |
| 2020-2024 | 1,635,000 | 693,639 | 2,328,639 |
| 2025-2029 | 1,785,000 | 486,040 | 2,271,040 |
| 2030-2034 | 1,960,000 | 225,651 | 2,185,651 |
| 2035 | 410,000 | 6,919 | 416,919 |
| Total | $ 7,280,000 | $ 2,249,300 | $ 9,119,300 |

## NOTE 10 – NOTES PAYABLE

### Governmental Activities

The following is a summary of short-term debt transactions of the City for the year ended June 30, 2014:

| | |
|---|---|
| Note payable to Glennville Bank and Trust Company for $50,000, payable in monthly installments of $1,140, including interest at 4.46%, with a final payment of all unpaid principal and interest due on January 10, 2016, unsecured, to be used for recreation improvements. | $ 21,898 |

## NOTE 10 – NOTES PAYABLE, CONTINUED

**Business-type Activities**

Notes payable outstanding at June 30, 2014, consists of a loan from the U.S. Department of Agriculture (USDA). The loan from the USDS in the amount of $16,000 was in conjunction with a grant for $45,000 received from the USDA for the purchase of an emergency generator. The loan was signed on March 10, 2011 and requires annual payments of $3,595, including interest of 4.0% beginning March 10, 2012 and through March 10, 2016. This loan has an outstanding balance of $6,776 at June 30, 2014.

As of June 30, 2014, annual debt service requirements for the notes payable are as follows:

| | Governmental Activities | | Business-Type Activities | |
|---|---|---|---|---|
| Year Ending June 30: | Principal | Interest | Principal | Interest |
| 2015 | $ 12,966 | $ 710 | $ 3,324 | $ 271 |
| 2016 | 8,932 | 153 | 3,452 | 143 |
| Total | $ 21,898 | $ 863 | $ 6,776 | $ 414 |

## NOTE 11 – CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These lease agreements 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. Accumulated amortization resulting from the equipment leased is included with depreciation expense. The equipment leased under capital leases as of June 30, 2014 consisted of the following:

| | Government-Type Activities | Business-Type Activities |
|---|---|---|
| Police Vehicles | $ 48,600 | $ - |
| Recreation Department Lighting | 83,500 | - |
| Street Sweeper | 22,356 | - |
| Fire Truck | 173,632 | - |
| Backhoe | - | 54,000 |
| Vehicle | - | 16,204 |
| Ford F-150 | 18,924 | - |
| John Deere Gator | 6,700 | - |
| Ford Expedition | 30,465 | - |
| Ford F-150 | - | 27,140 |
| | 384,177 | 97,344 |
| Less Accumulated Depreciation | (239,439) | (43,829) |
| Total | $ 144,738 | $ 53,515 |

## NOTE 11 – CAPITAL LEASES, CONTINUED

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

| Year Ending June 30: | Governmental-Type Activities | Business-Type Activities |
|---|---|---|
| 2015 | $ 51,898 | $ 5,937 |
| 2016 | 26,196 | 5,937 |
| 2017 | 17,380 | 5,937 |
| 2018 | 17,380 | 5,937 |
| 2019 | 6,653 | 5,937 |
| Total Minimum Lease Payments | 119,507 | 29,685 |
| Less: Amount Representing Interest | (8,101) | (2,545) |
| Present Value of Future Minimum Lease Payments | $ 111,406 | $ 27,140 |

## NOTE 12 – CHANGES IN LONG-TERM DEBT

The capital lease obligations and notes payable will be paid from the special sales tax capital projects fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, most were paid from the General Fund and the Water and Sewer Fund. Principal and interest payments related to the revenue bonds and notes payable for the business-type activities will be paid from income derived from the operation of the water and sewer system.

## NOTE 12 – CHANGES IN LONG-TERM DEBT, CONTINUED

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2014:

| | Balance June 30, 2013 | Issues or Additions | Payments or Expenditures | Balance June 30, 2014 | Within One Year |
|---|---|---|---|---|---|
| Governmental Activities | | | | | |
| Compensated absences payable | $ 41,066 | $ 1,684 | $ - | $ 42,750 | $ 8,550 |
| Notes payable | 34,300 | - | 12,402 | 21,898 | 12,966 |
| Line of credit | 115,294 | - | 115,294 | - | - |
| Capital leases payable | 107,534 | 56,089 | 52,217 | 111,406 | 47,947 |
| Total Governmental Activities | 298,194 | 57,773 | 179,913 | 176,054 | 69,463 |
| Business-Type Activities | | | | | |
| Compensated absences payable | $ 8,172 | $ 655 | $ - | $ 8,827 | $ 1,765 |
| Revenue bonds payable | 7,475,000 | - | 195,000 | 7,280,000 | 285,000 |
| Capital leases payable | 12,757 | 27,140 | 12,757 | 27,140 | 5,059 |
| Notes payable | 9,972 | - | 3,196 | 6,776 | 3,324 |
| Total Business-Type Activities | 7,505,901 | 27,795 | 210,953 | 7,322,743 | 295,148 |
| Total All Funds | $ 7,804,095 | $ 85,568 | $ 390,866 | $ 7,498,797 | $ 364,611 |
| Original issue discount | $ 80,058 | $ - | $ 3,639 | $ 76,419 | $ 3,639 |

## NOTE 13 – FUND EQUITY

Fund balances at June 30, 2014 are classified as follows:

Nonspendable – The following fund balances are non-spendable because they are allocated to:

| | |
|---|---|
| General Fund: | |
| Prepaid items | $ 5,839 |
| Total | $ 5,839 |

## NOTE 13 – FUND EQUITY, CONTINUED

Restricted – The following fund balances are restricted for:

| | |
|---|---|
| Special Revenue Funds: | |
| *Grant Fund* - used to account for financing capital projects through grant funds received from federal and state agencies. | $ - |
| *Drug Seizure Fund* - used to account for funds received from drug property seizures. | 11,103 |
| *Hotel/Motel Fund* - used to account for hotel/motel tax revenues. | 3,112 |
| *Recreation Commission Fund* - used to account for activity involving recreation commission. | 17,454 |
| Total Restricted Fund Balance - Special Revenue Funds | 31,669 |
| Capital Projects Funds: | |
| *Special Sales Tax Fund* - used to account for capital projects financed with special purpose local option sales tax that was approved by referendum. | $ 350,310 |
| *T-Splost Fund* - used to account for capital projects financed with transportation special purpose local option sales tax. | 33,701 |
| Total Restricted Fund Balance - Capital Project Funds | 384,011 |
| Total Restricted Fund Balance | $ 415,680 |

Unassigned – The following fund balances are unassigned:

| | |
|---|---|
| General Fund | $ 1,008,576 |

## NOTE 14 – EMPLOYEE RETIREMENT PLAN

### Plan Description

The City's defined benefit pension plan, the City of Glennville Retirement Plan (the Plan), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (the System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

### Funding Policy

Employees are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate. The minimum annual contribution requirements of the City are established by Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

### Annual Pension Cost and Net Pension Obligation

For 2014, the City's annual pension cost of $73,427 for the Plan was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2014 actuarial valuation using the project unit accrued actuarial cost method.

| Economic Assumptions: | |
|---|---|
| Interest rate | 7.75% |
| Inflation rate | 3.5% |
| Annual rates of increase in: | |
| Salaries | 0.5%-2.5% |
| Future Social Security Wage Bases | 3.5% |
| Cost of Living Adjustment | N/A |

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The period and related method, for amortizing the initial unfunded actuarial accrued liability is thirty years from 1982 and current changes in the unfunded actuarial accrued liability over fifteen years for actuarial gains and losses, twenty years of plan provisions, and thirty years for actuarial gains and losses, twenty years of plan provisions, and thirty years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Three-Year Trend Information

| Fiscal Year | Annual Required Contribution | Amount Contributed | Percentage of ARC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| June 30, 2014 | 73,427 | 73,427 | 100.00% | - |
| June 30, 2013 | 74,291 | 74,291 | 100.00% | - |
| June 30, 2012 | 70,307 | 70,307 | 100.00% | - |

## NOTE 14 – EMPLOYEE RETIREMENT PLAN, CONTINUED

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded AAL (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a % of Covered Payroll (b-a/c) |
|---|---|---|---|---|---|---|
| June 30, 2014 | 1,725,590 | 1,869,228 | 143,638 | 92.32% | 906,133 | -15.85% |
| June 30, 2013 | 1,663,762 | 1,757,154 | 93,392 | 94.69% | 841,081 | -11.10% |
| June 30, 2012 | 1,610,514 | 1,692,854 | 82,340 | 95.14% | 800,650 | -10.28% |

## NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage covering general liability claims and property damage claims.

The City has joined with other municipalities in the State as part of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The effective date of membership was March 24, 1986. As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow to pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of a claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

## NOTE 16 – CONTINGENT LIABILITIES

There were no known contingent liabilities at June 30, 2014. As of June 30, 2014, there were no pending litigation that would have a material effect on the financial statements.

## NOTE 17 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen City East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (HOGARC) and is required to pay annual dues thereto. During the year ended June 30, 2014 the City paid $3,569 in such dues. Membership in the HOGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the HOGARC in Georgia. The HOGARC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an HOGARC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

## NOTE 18 – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2014, errors were discovered for the General Fund, Special Sales Tax Fund, T-Splost Fund and the Grant Fund. The General Fund errors involved the local option sales tax receivable and the transfer of T-Splost activity into a separate fund. The effects of the errors were to overstate assets, revenues and fund balance by $51,379. The Special Sales Tax Fund errors involved expenditures reimbursed by the Grant Fund. The effects of the errors were to overstate expenditures by $98,108 and understate fund balance by $98,108. The T-Splost Fund errors involved the transfer of activity from the General Fund. The effects of the error were to understate assets, revenues and fund balance by $22,823. The Grant Fund errors involved prior expenditures reimbursed by a federal grant. The effects of the errors were to understate expenditures by $98,108 and overstate fund balance by $98,108.

## NOTE 19 – SUBSEQUENT EVENTS

Subsequent events were evaluated through November 6, 2014, which is the date the financial statements were available to be issued.

CITY OF GLENNVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Over (Under) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues** | | | | |
| Intergovernmental | $ 252,000 | $ 228,647 | $ 187,004 | $ (41,643) |
| Interest | 2,000 | 592 | 592 | - |
| Total Revenues | 254,000 | 229,239 | 187,596 | (41,643) |
| **Expenditures** | | | | |
| Debt Service: | | | | |
| Principal | 43,962 | 49,913 | 47,278 | 2,635 |
| Interest and other charges | 4,083 | 4,131 | 4,129 | 2 |
| Capital Outlay | 300,200 | 175,195 | 129,896 | 45,299 |
| Total Expenditures | 348,245 | 229,239 | 181,303 | 47,936 |
| Excess (Deficiency) Of Revenues Over Expenditures | (94,245) | - | 6,293 | (89,579) |
| Fund Balances - Beginning of Year, as stated | 245,909 | 245,909 | 245,909 | - |
| Prior Period Adjustments | 98,108 | 98,108 | 98,108 | - |
| Fund Balances - Beginning of Year, as restated | 344,017 | 344,017 | 344,017 | - |
| Fund Balances - Ending of Year | $ 249,772 | $ 344,017 | $ 350,310 | $ (89,579) |

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
T-SPLOST FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Over (Under) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues** | | | | |
| Intergovernmental | $ - | $ 396,363 | $ 396,362 | $ (1) |
| Interest | - | 150 | 146 | (4) |
| Total Revenues | - | 396,513 | 396,508 | (5) |
| **Expenditures** | | | | |
| Capital Outlay | - | 385,630 | 385,630 | - |
| Total Expenditures | - | 385,630 | 385,630 | - |
| Excess Of Revenues Over Expenditures | - | 10,883 | 10,878 | (5) |
| Fund Balances - Beginning of Year, as stated | - | - | - | - |
| Prior Period Adjustments | 22,823 | 22,823 | 22,823 | - |
| Fund Balances - Beginning of Year, as restated | 22,823 | 22,823 | 22,823 | - |
| Fund Balances - Ending of Year | $ 22,823 | $ 33,706 | $ 33,701 | $ (5) |

The accompanying notes are an integral part of these statements.

# CITY OF GLENNVILLE, GEORGIA
# COMBINING BALANCE SHEET
# NON-MAJOR GOVERNMENTAL FUNDS
# JUNE 30, 2014

| | SPECIAL REVENUE | | | | |
|---|---|---|---|---|---|
| | DRUG SEIZURE | GRANT FUND | HOTEL/MOTEL TAX | RECREATION COMMISSION | TOTAL OTHER GOVERNMENTAL FUNDS |
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 11,103 | $ - | $ 1,716 | $ 24,271 | $ 37,090 |
| Taxes receivable (net) | - | - | 1,396 | - | 1,396 |
| Receivable from other governments | - | 44,400 | - | 8,621 | 53,021 |
| Total Assets | 11,103 | 44,400 | 3,112 | 32,892 | 91,507 |
| **LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | - | - | - | 1,331 | 1,331 |
| Due to other funds | - | 44,400 | - | 2,611 | 47,011 |
| Other accrued expenses | - | - | - | 2,875 | 2,875 |
| Total Liabilities | - | 44,400 | - | 6,817 | 51,217 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenue | - | - | - | 8,621 | 8,621 |
| Total Deferred Inflows of Resources | - | - | - | 8,621 | 8,621 |
| Fund balances: | | | | | |
| Restricted | 11,103 | - | 3,112 | 17,454 | 31,669 |
| Total Fund Balances | 11,103 | - | 3,112 | 17,454 | 31,669 |
| Total Liabilities, Deferred Inflows and Fund balances | $ 11,103 | $ 44,400 | $ 3,112 | $ 32,892 | $ 91,507 |

# CITY OF GLENNVILLE, GEORGIA
# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
# NON-MAJOR GOVERNMENTAL FUNDS
# FOR THE YEAR ENDED JUNE 30, 2014

| | SPECIAL REVENUE | | | | |
|---|---|---|---|---|---|
| | DRUG SEIZURE | GRANT FUND | HOTEL/MOTEL TAX | RECREATION COMMISSION | TOTAL OTHER GOVERNMENTAL FUNDS |
| REVENUES | | | | | |
| Taxes | $ - | $ - | $ 14,460 | $ - | $ 14,460 |
| Fines and forfeitures | 9,918 | - | - | - | 9,918 |
| Intergovernmental | - | 160,777 | - | 56,248 | 217,025 |
| Charges for services | - | - | - | 57,913 | 57,913 |
| Investment earnings | 33 | - | 13 | 2 | 48 |
| Miscellaneous | - | - | - | 1,414 | 1,414 |
| Total Revenues | 9,951 | 160,777 | 14,473 | 115,577 | 300,778 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | 3,868 | 7,998 | - | - | 11,866 |
| Public works | - | 68,413 | - | - | 68,413 |
| Community development | - | - | 16,475 | - | 16,475 |
| Culture and recreation | - | - | - | 194,024 | 194,024 |
| Debt Service: | | | | | |
| Principal | - | 115,294 | - | 13,546 | 128,840 |
| Interest and other charges | - | - | - | 1,295 | 1,295 |
| Total Expenditures | 3,868 | 191,705 | 16,475 | 208,865 | 420,913 |
| Excess (Deficiency) of Revenues Over Expenditures | 6,083 | (30,928) | (2,002) | (93,288) | (120,135) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 98,820 | 98,820 |
| Total Other Financing Sources (Uses) | - | - | - | 98,820 | 98,820 |
| Net Change in Fund Balances | 6,083 | (30,928) | (2,002) | 5,532 | (21,315) |
| Fund Balances - Beginning of Year, as stated | 5,020 | 129,036 | 5,114 | 11,922 | 151,092 |
| Prior period adjustments | - | (98,108) | - | - | (98,108) |
| Fund Balances - Beginning of Year, as restated | 5,020 | 30,928 | 5,114 | 11,922 | 52,984 |
| Fund Balances - Ending of Year | $ 11,103 | $ - | $ 3,112 | $ 17,454 | $ 31,669 |

CITY OF GLENNVILLE, GEORGIA

DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| Revenues: | | | | |
| Fines and forfeitures | $ 2,000 | $ 9,918 | $ 9,918 | $ - |
| Interest | 20 | 32 | 33 | 1 |
| Total Revenues | 2,020 | 9,950 | 9,951 | 1 |
| Expenditures: | | | | |
| Public Safety | 2,020 | 9,950 | 3,868 | 6,082 |
| Total Expenditures | 2,020 | 9,950 | 3,868 | 6,082 |
| Revenues Over Expenditures | - | - | 6,083 | 6,083 |
| Fund Balance - Beginning | 5,020 | 5,020 | 5,020 | - |
| Fund Balance - Ending | $ 5,020 | $ 5,020 | $ 11,103 | $ 6,083 |

CITY OF GLENNVILLE, GEORGIA

GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| Revenues: | | | | |
| Intergovernmental | $ 58,000 | $ 160,780 | $ 160,777 | $ (3) |
| Total Revenues | 58,000 | 160,780 | 160,777 | (3) |
| Expenditures: | | | | |
| Public safety | 8,000 | 8,000 | 7,998 | 2 |
| Public works | 50,000 | 152,780 | 68,413 | 84,367 |
| Debt Service: | | | | |
| Principal | - | - | 115,294 | (115,294) |
| Total Expenditures | 58,000 | 160,780 | 191,705 | (30,925) |
| Revenues And Other Financing Sources Over (Under) Expenditures | - | - | (30,928) | 30,922 |
| Fund Balance - Beginning, as stated | 129,036 | 129,036 | 129,036 | - |
| Prior period adjustments | (98,108) | (98,108) | (98,108) | - |
| Fund Balance - Beginning, as restated | 30,928 | 30,928 | 30,928 | - |
| Fund Balance - Ending | $ 30,928 | $ 30,928 | $ - | $ 30,922 |

CITY OF GLENNVILLE, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| Revenues: | | | | |
| Taxes | $ 14,750 | $ 14,459 | $ 14,460 | $ (1) |
| Interest | 25 | 12 | 13 | (1) |
| Total Revenues | 14,775 | 14,471 | 14,473 | (2) |
| Expenditures: | | | | |
| Community development | 14,775 | 16,612 | 16,475 | 137 |
| Total Expenditures | 14,775 | 16,612 | 16,475 | 137 |
| Revenues And Other Financing Sources (Under) Expenditures | - | (2,141) | (2,002) | (139) |
| Fund Balance - Beginning | 5,114 | 5,114 | 5,114 | - |
| Fund Balance - Ending | $ 5,114 | $ 2,973 | $ 3,112 | $ (139) |

CITY OF GLENNVILLE, GEORGIA

GLENNVILLE RECREATION COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| Revenues: | | | | |
| Intergovernmental | $ - | $ - | $ 56,248 | $ 56,248 |
| Charges for services | - | - | 57,913 | 57,913 |
| Interest | - | - | 2 | 2 |
| Miscellaneous | - | - | 1,414 | 1,414 |
| Transfers in | - | - | 98,820 | 98,820 |
| Total Revenues | - | - | 214,397 | 214,397 |
| Expenditures: | | | | |
| Culture/Recreation | - | - | 194,024 | (194,024) |
| Debt Service: | | | | |
| Principal | - | - | 13,546 | (13,546) |
| Interest | - | - | 1,295 | (1,295) |
| Total Expenditures | - | - | 208,865 | (208,865) |
| Revenues And Other Financing Sources Over Expenditures | - | - | 5,532 | 423,262 |
| Fund Balance - Beginning | 11,922 | 11,922 | 11,922 | - |
| Fund Balance - Ending | $ 11,922 | $ 11,922 | $ 17,454 | $ 5,532 |

CITY OF GLENNVILLE, GEORGIA
SPECIAL SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

| PROJECT | ORIGINAL ESTIMATED COST | CURRENT ESTIMATED COST | PRIOR YEARS | CURRENT YEAR | TOTAL | ESTIMATED PERCENTAGE OF COMPLETION |
|---|---|---|---|---|---|---|
| Debt service on equipment purchased under capital leases | $ 76,600 | $ 373,681 | $ 322,274 | $ 51,407 | $ 373,681 | 100.00% |
| Street paving/improvements | 309,650 | 718,049 | 712,974 | | 712,974 | 99.29% |
| Vehicle purchases | 46,000 | 210,504 | 118,858 | - | 118,858 | 56.46% |
| Water and sewer system improvements | 30,000 | 16,137 | 16,137 | - | 16,137 | 100.00% |
| Drainage projects | 48,500 | 167,718 | 167,718 | - | 167,718 | 100.00% |
| Economic projects | 71,500 | 47,677 | 47,677 | - | 47,677 | 100.00% |
| Glenwanis Hotel renovations | - | 136,685 | 118,300 | | 118,300 | 86.55% |
| Capital improvements/ equip. - recreation | 115,000 | 160,683 | 150,196 | 10,487 | 160,683 | 100.00% |
| Capital improvements/ equip. - public safety | 130,000 | 537,458 | 526,584 | 10,874 | 537,458 | 100.00% |
| Capital improvements/ water and sewer system | - | 165,996 | 165,996 | - | 165,996 | 100.00% |
| City Hall renovations | 102,748 | 69,227 | 69,227 | - | 69,227 | 100.00% |
| Old City Yard improvements | 30,000 | 52,000 | 51,934 | - | 51,934 | 99.87% |
| Storage building | 3,458 | 15,580 | 15,580 | - | 15,580 | 100.00% |
| Multipurpose building - carpet | 2,299 | 2,299 | 2,299 | - | 2,299 | 100.00% |
| Barnard Park improvements | 445 | 14,495 | 14,495 | - | 14,495 | 100.00% |
| Animal control building | 15,000 | 15,000 | 15,000 | - | 15,000 | 100.00% |
| City Hall equipment | - | 23,000 | 22,911 | - | 22,911 | 99.61% |
| Library equipment | - | 5,428 | 5,428 | | 5,428 | 100.00% |
| Auditorium equipment | - | 4,525 | 4,525 | - | 4,525 | 100.00% |
| Welcome Center Sign and a/c | 1,975 | 3,475 | 3,475 | - | 3,475 | 100.00% |
| Multipurpose building -a/c | - | 4,844 | 4,844 | - | 4,844 | 100.00% |
| Land purchase | - | 5,000 | 5,000 | - | 5,000 | 100.00% |
| Police station renovations | - | 73,350 | 71,814 | - | 71,814 | 97.91% |
| Refurbish 1942 fire truck | - | 5,255 | 5,255 | - | 5,255 | 100.00% |
| Street equipment | - | 10,000 | 10,000 | - | 10,000 | 100.00% |
| HHP/TE Streetscape Project | - | 419,000 | 269,383 | 86,120 | 355,503 | 84.85% |
| Equipment for fire department | - | 95,987 | 73,572 | 22,415 | 95,987 | 100.00% |
| Auditorium improvements | - | 42,036 | 42,036 | - | 42,036 | 100.00% |
| City Hall heat pump | - | 2,743 | 2,743 | - | 2,743 | 100.00% |
| Multipurpose building improvements | - | 2,834 | 2,834 | - | 2,834 | 100.00% |
| Totals | $ 983,175 | $ 3,400,666 | $ 3,039,069 | $ 181,303 | $ 3,220,372 | |
| Prior period adjustment | | | 98,108 | | | |
| Totals, as previously stated | | | $ 3,137,177 | | | |

CITY OF GLENNVILLE, GEORGIA
SPECIAL SALES TAX
2014 SPLOST REFERENDUM
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

| PROJECT | ORIGINAL ESTIMATED COST | CURRENT ESTIMATED COST | PRIOR YEARS | CURRENT YEAR | TOTAL | ESTIMATED PERCENTAGE OF COMPLETION |
|---|---|---|---|---|---|---|
| City Hall Building Renovations | $ 90,000 | $ 90,000 | $ - | $ - | $ - | 0.00% |
| Admin Vehicles/Equipment | 90,000 | 90,000 | - | | - | 0.00% |
| Community Center | 50,000 | 50,000 | - | - | - | 0.00% |
| Police station renovations | 26,000 | 26,000 | - | - | - | 0.00% |
| Police Vehilces and Equipment | 265,000 | 265,000 | - | - | - | 0.00% |
| Fire Department Equipment | 71,000 | 71,000 | - | - | - | 0.00% |
| Street repairs | 300,000 | 300,000 | - | | - | 0.00% |
| Street equipment | 308,376 | 308,376 | - | - | - | 0.00% |
| Capital improvements/equipment - Recreation | 214,378 | 214,378 | - | - | - | 0.00% |
| Capital improvements/equipment - Water and sewer system | 369,000 | 369,000 | - | - | - | 0.00% |
| Totals | $ 1,783,754 | $ 1,783,754 | $ - | $ - | $ - | |

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

To the Honorable Mayor and Members of the City Council
City of Glennville, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glennville, 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 Glennville, Georgia's basic financial statements and have issued our report thereon dated November 6, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Glennville, 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 Glennville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Glennville, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Glennville, Georgia's financial statements are free from 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.*

**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.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

November 6, 2014