GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS
NONPROFIT AND LOCAL GOVERNMENT AUDITS DIVISION
AUDIT REPORT TRANSMITTAL DOCUMENT

Please complete the top portion of this form and submit it with your audit report. We will use this information to furnish your government the results of our review. These results will be furnished by e-mail.

Name of Governmental Unit	City of ILA	
Fiscal Year End	12/31/14	
Governmental Contacts	**Name**	**E-Mail Address**
Chief Official (e.g., Mayor, Chairman)	Michael D. Cole	mdc93923@uga.edu
City/County Clerk	Susan Steed	cityofila@windstream.net
City/County Manager		
Finance Director		
Other Officials to be Notified of Audit Results: (list below)		
Name of Audit Firm	Hawkins + McNair, CPAs	
Auditor Contact for this Report	Jerry W. Hawkins	hawkins100@windstream.net
CPA Telephone	770-867-9426	
CPA Fax	770-867-1240	
Form Completed by: (Name)	Jerry W. Hawkins	
(Title) Audit Partner		

For DOAA Internal Use

Date Rpt Rcvd	Assigned to:	Upload	Mail	E-mail
Type of Report	Date Reviewed			# Grant Cites
# of 1s	# of 2s	# of Xs		# of 3s
Date of CPA/Govt Response				
Date Orig. Notice to Govt		Date Rev Notice to Govt		
Report Accepted? Y N		Grants OK? Y N		
CAP Required? Y N		Date Cap Received		
CAP Letter Dates		CAP Not Received		
CAP Has Problems		CAP Accepted		
Pension Plan(s)	Deferred Comp? Y N	OPEB? Y N N/A		Single Audit? Y N
Total GF Revenues	$	Total GF Expenditures		$
GF Nonspendable FB	$	GF Restricted FB		$
GF Committed FB	$	GF Assigned FB		$
GF Unassigned FB	$	All Govt Funds Total FB		$
Upload : Checklist	Draft to CPA	Letter to Govt		Logged By:

CITY OF ILA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

CITY OF ILA, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014

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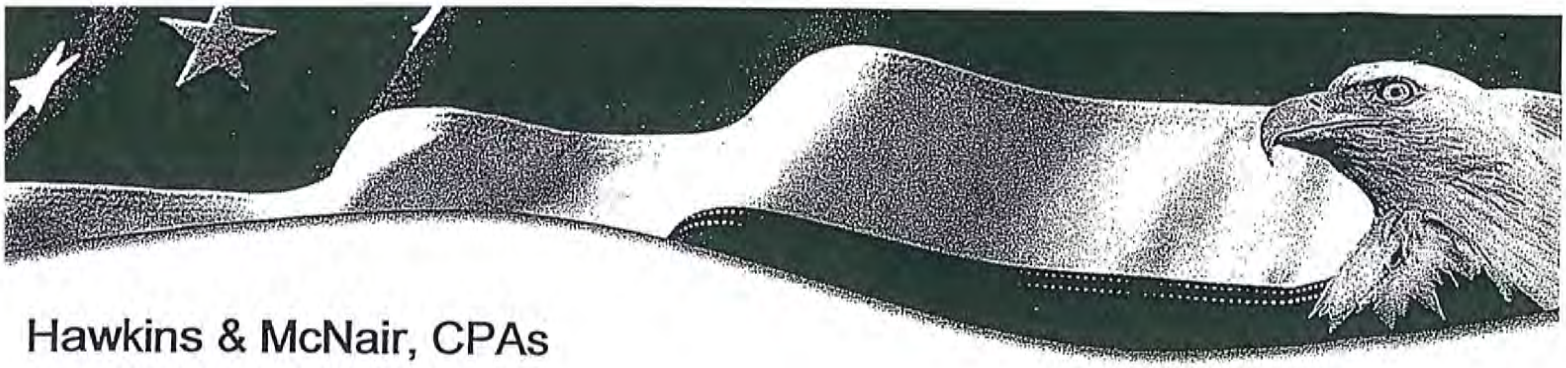
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Hawkins & McNair, CPAs

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Winder, GA 30680
770-867-9426
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INDEPENDENT AUDITOR'S REPORT

To the City of Ila
Ila, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Ila, Georgia, (City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, and each major fund of the City as of December 31, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The City has omitted management's discussion and analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Our opinion on the basic financial statements is not affected by the missing information.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015, on our consideration of the City'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's internal control over financial reporting and compliance.

Hawkins & McNair, CPAs

Hawkins & McNair, CPAs
Winder, Georgia
May 22, 2015

City of Ila, Georgia
Management's Discussion and Analysis
Fiscal year ended December 31, 2014

The Management's Discussion and Analysis (MD&A) section is omitted in this presentation.

City of Ila, Georgia
Statement of Net Position
As of December 31, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 412,514	$ 52,311	$ 464,825	-
Restricted cash-current	-	8,445	8,445	
Accounts receivable, net	3,498	5,338	8,836	-
Interest, dividends, and royalties receivable	-	-	-	-
Internal balances	-	-	-	-
Receivables from other governments	3,891	-	3,891	-
Loan costs	-	6,700	6,700	-
Capital assets:				
Land and construction in progress	5,900	2,000	7,900	-
Other capital assets, net of accumulated depreciation	47,660	840,133	887,793	-
Total assets	**$ 473,463**	**$ 914,927**	**$ 1,388,390**	**$ -**
LIABILITIES				
Accounts payable	$ 2,579	$ 365	$ 2,944	$ -
Taxes withheld and payable	-	-	-	-
Bonds payable - current	-	-	-	-
Notes payable	-	20,000	20,000	-
Customer Deposits	-	23,450	23,450	-
Liabilities payable from restricted assets	-	-	-	-
Accrued Interest payable	-	-	-	-
Notes, lease obligations, and estimated claims payable, non-current	-	235,000	235,000	-
Bonds payable, non-current	-	-	-	-
Total liabilities	**$ 2,579**	**$ 278,815**	**$ 281,394**	**$ -**
NET POSITION				
Net investment in capital assets	$ 53,560	$ 587,133	$ 640,693	-
Restricted for capital projects	36,960	-	36,960	
Unrestricted	380,364	48,979	429,343	-
Total net position	**$ 470,884**	**$ 636,112**	**$ 1,106,996**	**$ -**

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
General government	$ 72	$ 4	$ -	$ 27	$ (41)
Fire	20	-	-	-	(20)
Public works	32	21	-	-	(11)
Total governmental activities	124	25	-	27	(72)
Business-type activities:					
Water/Sewer	$ 72	$ 67	$ -	$ -	$ (5)
Total business-type activities	72	67	-	-	(5)
Total primary government	$ 196	$ 92	$ -	$ 27	$ (77)

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Activities (Continued)
Year Ended December 31, 2014
(dollars are in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in Assets:				
Net (expense) revenue	**$ (72)**	**$ (5)**	**$ (77)**	**-**
General revenues:				
Taxes:				
Property Tax	$ 32	$ -	$ 32	$ -
Sales taxes	46	-	46	-
Insurance Premium Tax	18	-	18	-
Alcoholic Beverage Taxes	-	-	-	-
Franchise taxes (fees)	18	-	18	-
Other taxes	-	-	-	-
Unrestricted investment income	1	-	1	-
Payments from government unit	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	$ (32)	$ 32	$ -	$ -
Total general revenues and transfers	$ 83	$ 32	$ 115	-
Change in net position	**$ 11**	**$ 27**	**$ 38**	**$ -**
Net position—beginning	**460**	**609**	**1,069**	**-**
Net positions—ending	**$ 471**	**$ 636**	**$ 1,107**	**-**

See accompanying notes to financial statements.

City of Ila, Georgia
Balance Sheet--Governmental Funds
As of December 31, 2014

	Primary Government		
	General	SPLOST Capital Projects	Total Governmental Funds
ASSETS			
Cash	$ 373,041	$ 39,473	$ 412,514
Taxes receivables	3,498	-	3,498
Interest receivable	-	-	-
Due from other funds	2,513	-	2,513
Receivable from other Governments	3,891	-	3,891
Prepaids	-	-	-
Total assets	**$ 382,943**	**$ 39,473**	**$ 422,416**
LIABILITIES and FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,579	$ -	$ 2,579
Taxes withheld payable	-	-	-
Due to other funds	-	2,513	2,513
Payable to component units	-	-	-
Interest payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets:	-	-	-
Accounts payable	-	-	-
Other	-	-	-
Total liabilities	**$ 2,579**	**$ 2,513**	**$ 5,092**
FUND BALANCES			
Restricted for capital projects	$ -	$ 36,960	$ 36,960
Unassigned	380,364	-	380,364
Total fund balances	**380,364**	**36,960**	**417,324**
Total liabilities and fund balances	**$ 382,943**	**$ 39,473**	**$ 422,416**

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2014

CITY OF ILA, GEORGIA

Total fund balance - total governmental funds	$	417,324
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets of $ 325,089, net of accumulated depreciation of ($ 271,529), are not financial resources and, therefore, are not reported in the funds. See Note III.A.4. for additional detail.	$	53,560
Net positions of governmental activities.	$	470,884

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Revenues, Expenditures,
and Changes in Fund Balances
--Governmental Funds
Year Ended December 31, 2014

	General	SPLOST Capital Projects	Total Governmental Funds
REVENUES			
Property Tax	$ 32,137	$ -	$ 32,137
Sales tax	45,623	-	45,623
Insurance Premium	18,176	-	18,176
Alcoholic Beverage Taxes	-	-	-
Other taxes:			
Other	133	-	133
Franchise taxes (fees)	18,315	-	18,315
Licenses and permits	2,360	-	2,360
Intergovernmental	-	26,741	26,741
Interest income	505	-	505
Charges for services	20,844	-	20,844
Other	1,207	-	1,207
Total revenues	**$ 139,300**	**$ 26,741**	**$ 166,041**
EXPENDITURES			
Current:			
General government	$ 67,742	$ -	$ 67,742
Fire:	20,000	-	20,000
Public Works	39,598	-	39,598
Capital Outlay	-	-	-
Total expenditures	**$ 127,340**	**$ -**	**$ 127,340**
Excess (deficiency) of revenues over (under) expenditures	**$ 11,960**	**$ 26,741**	**$ 38,701**
OTHER FINANCING SOURCES (USES)			
Sales of capital assets	$ -	$ -	$ -
Transfers from other funds	-	-	-
Transfers to other funds	-	(32,176)	(32,176)
Net other financing sources (uses)	**$ -**	**$ (32,176)**	**$ (32,176)**
Net change in fund balances	**$ 11,960**	**$ (5,435)**	**$ 6,525**
Fund balances, beginning	**368,404**	**42,395**	**410,799**
Fund balances, ending	**$ 380,364**	**$ 36,960**	**$ 417,324**

See accompanying notes to financial statements.

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

CITY OF ILA, GEORGIA

Net change in fund balances- total governmental funds	$	6,525
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of $ 9,538 exceeded depreciation of $ (5,808) in the current period.	$	3,730
Change in net position of governmental activities.	$	10,255

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2014

	Water/ Sewer	Total Enterprise Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 52,311	$ 52,311
Restricted cash	8,445	8,445
Accounts receivable, net	5,338	5,338
Interest, dividends, and royalties receivable	-	-
Due from other funds	-	-
Receivables from component units	-	-
Intergovernmental receivables	-	-
Loan costs	6,700	6,700
Total current assets	**$ 72,794**	**$ 72,794**
Non-current assets:		
Advances to other funds	$ -	$ -
Receivables from component units, non-current	-	-
Capital assets:		
Land and construction in progress	2,000	2,000
Other capital assets, net of accumulated depreciation	840,133	840,133
Total non-current assets	842,133	842,133
Total assets	**$ 914,927**	**$ 914,927**
LIABILITIES		
Current Liabilities		
Accounts payable	$ 365	$ 365
Notes payable	20,000	20,000
Interest payable	-	-
Bonds Payable	-	-
Customer Deposits	23,450	23,450
Total current liabilities	$ 43,815	$ 43,815
Liabilities payable from restricted assets:		
Accounts payable	$ -	$ -
Bonds payable, current	-	-
Total liabilities payable from restricted assets	$ -	$ -
Non-current liabilities:		
Notes and lease obligations,non-current	$ 235,000	$ 235,000
Bond interest payable, non-current	-	-
Bond payable, non-current	-	-
Total non-current liabilities	235,000	235,000
Total liabilities	**$ 278,815**	**$ 278,815**
NET POSITION		
Net investment in capital assets	$ 587,133	$ 587,133
Unrestricted (deficit)	48,979	48,979
Total net position	**$ 636,112**	**$ 636,112**

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
December 31, 2014

	Water/ Sewer	Total Enterprise Funds
OPERATING REVENUES		
Charges for services:		
Water charges	$ 66,651	$ 66,651
Internal service charges	-	-
Total charges for service	66,651	66,651
Total operating revenues	$ 66,651	$ 66,651
OPERATING EXPENSES		
Personal services	$ -	$ -
Maintenance, operations, and contractual services	45,659	45,659
Materials, supplies, and other	3,693	3,693
Depreciation	21,897	21,897
Total operating expenses	71,249	71,249
Operating income (loss)	**$ (4,598)**	**$ (4,598)**
NON-OPERATING REVENUE (EXPENSES)		
Investment income	$ 20	$ 20
Interest on bonds, notes and lease obligations	-	-
Payments from component units	-	-
Other revenue (expenses)	-	-
Total non-operating revenue (expenses)	$ 20	$ 20
Income (loss) before contributions and transfers	**$ (4,578)**	**$ (4,578)**
Capital contributions from developers	$ -	$ -
Capital contributions, other	-	-
Transfers from other funds	32,176	32,176
Transfers to other funds	-	-
Change in net position	**$ 27,598**	**$ 27,598**
Total net position, beginning	**$ 608,514**	**$ 608,514**
Total net position, ending	**$ 636,112**	**$ 636,112**

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents
Proprietary Funds
December 31, 2014

	Water/ Sewer	Total Enterprise Funds
Cash flows from operating activities:		
Cash received from customers	$ 67,093	$ 67,093
Cash payments to suppliers for goods and services	(46,987)	(46,987)
Cash payments to employees	-	-
Net cash provided (used) by operating activities	**$ 20,106**	**$ 20,106**
Cash flows from non-capital financing activities:		
Operating grants received	$ -	$ -
Transfers from other funds	-	-
Transfers to other funds	-	-
Payments from component units	-	-
Net cash provided (used) by non-capital financing activities	**$ -**	**$ -**
Cash flows from capital and related financing activities:		
New Borrowings	$ -	$ -
Principal paid on bonds, notes, and lease obligations	(50,000)	(50,000)
Acquisition of capital assets	-	-
Interest paid on bonds, notes, and lease obligations	-	-
Proceeds from sale of assets	-	-
Capital contributions	32,176	32,176
Capital grants received	-	-
Net cash provided (used) by capital and related financing activities	**$ (17,824)**	**$ (17,824)**
Cash flows from investing activities:		
Purchase of investments	$ -	$ -
Proceeds from sale of investments	-	-
Investments income	20	20
Net cash provided (used) by investing activities	**20**	**20**
Net increase (decrease) in cash and cash equivalents	2,302	2,302
Cash and cash equivalents at beginning of year	58,454	58,454
Cash and cash equivalents at end of year	**$ 60,756**	**$ 60,756**

See accompanying notes to financial statements.

City of Ila, Georgia
Statement of Cash Flows
Increase (Decrease) in Cash and
Cash Equivalents
Proprietary Funds
December 31, 2014

	Water/ Sewer	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (4,598)	$ (4,598)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	21,897	21,897
Non-cash operating revenue (expenses)	-	-
Non-operating revenue (expenses)	-	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	442	442
(Increase) decrease in prepaid loan costs	400	400
Increase (decrease) in accounts payable	365	365
Increase (decrease) in interest payable	-	-
Increase (decrease) in customer deposits	1,600	1,600
Increase (decrease) in liabilities payable from restricted assets	-	-
Total adjustments	24,704	24,704
Net cash provided (used) by operating activities	**$ 20,106**	**$ 20,106**
Non-cash investing, capital and financing activities:		
Net increase (decrease) in fair value of investments	$ -	$ -
Deferred interest expense on revenue bonds	-	-
Capital assets contributed by developers	-	-
Lessee improvements	-	-
Total non-cash investing, capital, and financing activities	$ -	$ -

See accompanying notes to financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the City of Ila, Georgia (City) are discussed in subsequent sections of this Note. The remainders of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended December 31, 2014.

I. B. FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

I. B. 1. COMPONENT UNITS

Ila operates under a mayor and council form of government and provides the following services: Public Safety, Streets, and General and Administrative services. In addition the City operates a water and sewer system. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The City has no such component units.

I. B. 2. RELATED ORGANIZATIONS

-NONE-

I. B. 3. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary funds and component units that are fiduciary in nature, such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to user of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund Financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns of non-major funds.

I. B. 4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits are recognized when due and payable in accordance with the terms of the plan. See Note VI.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditure in the year due.

Major revenue sources susceptible to accrual include: property tax, sales and use taxes, franchise taxes (fees), intergovernmental revenues. and investment income. In general, other revenues are recognized when cash is received.
See Note III. A. 2. for related information.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.
See Note III. A. 3. for information describing restricted assets.

Allocation of Indirect Expenses

The City does not allocate indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services.

I. B. 5. FUND TYPES AND MAJOR FUNDS

The City reports the following major governmental funds:

General Fund – reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

SPLOST (Capital Projects) Fund – Reports the receipts and expenditures of SPLOST Funds.

There are no none-major governmental funds.

Proprietary Funds

The City reports the following major enterprise funds:

Water and Sewer – accounts for water and sewer operations.

Other Fund Types

-NONE-

I. C. ASSETS, LIABILITIES, AND NET POSITION

I. C. 1. CASH AND INVESTMENTS

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Cash deposits are reported at carrying amount which reasonably estimates fair value.

I. C. 2. INVENTORIES AND PREPAIDS

Inventories are not recorded by the City. Purchases of supplies (maintenance, office, etc.) are charged to expense when increased.

Prepaid expenditures are generally recognized when purchased rather than during the benefiting period. Prepaids are similarly reported in government-wide and fund financial statements.

I. C. 3. CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of $100 or more as purchase and construction outlays occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	25
Water System	50
Improvements, other than building	10-15
Equipment	7-10
Furniture and fixtures	7
Vehicles	5

I. C. 4. CAPITALIZED INTEREST

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. C. 5. LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance cost, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

I. C. 6. FUND EQUITY

The governmental fund financial statements report fund balance for amounts not available for appropriation or legally restricted for specified purposes.

Fund balance classification policies and procedures:

a. For committed fund balance: The City Council must provide a resolution to establish, modify, or rescind a fund balance commitment.

b. For the classification of fund balances: (1) the city considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) committed amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

I. D. REVENUES, EXPENDITURES, AND EXPENSES

I. D. 1. LEASE REVENUE

The City does not collect lease revenue.

I. D. 2. COMPENSATED ABSENCES

The City does not record a liability for accumulated vacation and sick leave. These costs are recorded when paid.

I. D. 3. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 20. Taxes are generally levied on October 1 and are due and payable on or before December 20. All unpaid taxes become delinquent January 1 of the following year. The City bills and collects it own property taxes. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectibility is improbable.

I. D. 4. HOTEL/MOTEL TAX

The City does not collect hotel/motel tax.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

II. A. DEFICIT FUND NET POSITION

Primary Government (*in thousands)*

The city had no deficit net position balances at December 31, 2014.

II. B. BUDGETARY INFORMATION

II. B. 1. BUDGET POLICY AND PRACTICE

Each year the City Clerk prepares a proposed budget for consideration by the City Council.

Generally, prior to the beginning of the new fiscal year, the City holds a budget hearing seeking comments and fielding questions from citizens. A second budget hearing is held at which time the City Council examines changes to the original proposed budget and approves a final budget.

II. B. 2. BASIS OF BUDGETING

The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which is the legal level of control. "Legal level of control" means the lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority. The legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is required. This does not preclude the governing authority of a local government from establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval subject to dollar amount limitations. No revisions to the general fund budget were made during the year.

The City adopted budgets for the general fund on a GAAP basis.

II. B. 3. VIOLATIONS OF LAW (BUDGET)

The City was under budget in all areas.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

III. A. ASSETS

III. A. 1. DEPOSITS AND INVESTMENTS

Deposits (includes certificates of deposit)

It is the City's policy for deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end.

The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent on the City's name.

Category 3 – Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

Deposits, categorized by level of risk, are:

	Category 1	2	3	Bank Balance	Carrying Amount
Primary Government					
Governmental Activities					
General Fund	375,102	-0-	-0-	375,102	373,041
SPLOST Fund	39,473			39,473	39,473

	Category 1	2	3	Bank Balance	Carrying Amount
Business-type Activities					
Water/Sewer	60,912			60,912	60,756
Total deposits	475,487			475,487	473,270

Investments

Generally, the City's investing activities are managed under the custody of the City Clerk. Investing is performed in accordance with investment policies complying with state statutes and the City Charter. City funds may be invested in: (1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged; (2) obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank or Federal home loan bank notes or bonds; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations and credit unions located in the City when secured by appropriate collateral; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the Unites States government, its agencies and instrumentalities, (5) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized (domestic securities) and restrictions as specified in state law; (6) State and Local Government Series (SLGS); and (7) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment.

The City had no such investments at December 31, 2014.

III. A. 2. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Enterprise Receivables, Uncollectible Accounts, and Deferred Revenue

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. Certain Enterprise funds reports accounts receivables net of allowance for uncollectibles accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending upon the fund. Related amounts are shown in the following table:

	Major Enterprise Funds	
	Water/ Sewer	Total
Unrestricted accounts receivables	$ 5,338	$ 5,338
Restricted accounts receivables	-0-	-0-
Total accounts receivables, gross	$ 5,338	$ 5,338
Less: allowance for uncollectible accounts	-0-	-0-
Net accounts receivables	$ 5,338	$ 5,338

Property Taxes Receivables, Deferred Revenue, and Property Tax Calendar

Property taxes attach as an enforceable lien in property as of December 20. Taxes are levied on October 1 and are due and payable on or before December 20. All unpaid taxes become delinquent January 1 of the following year. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectibility is improbable.

III. A. 3. RESTRICTED ASSETS

Certain enterprise fund and similar component unit assets are restricted for construction funded through long-term debt and Federal grant revenues. Retained earnings generally include the excess of assets over certain liabilities restricted for the debt service on revenue bonds and capital projects.

(CONTINUED ON NEXT PAGE)

III. A. 4. CAPITAL ASSETS

Changes in Capital Assets

The following table provides a summary of changes in capital assets (in thousands):

	CAPITAL ASSETS, NOT DEPRECIATED		CAPITAL ASSETS, DEPRECIATED			
	Land	Construction In Progress	Buildings	Improvements Other Than Buildings	Furniture, Machinery and Equipment	Total
Primary Government						
Governmental Activities						
Balance, December 31, 2013	$ 6	$ -	$ 117	$ 63	$ 130	$ 316
Increases	-	-	-	9	-	9
Decreases	-	-	-	-	-	-
Balance, December 31, 2014	6	-	117	72	130	325
Accumulated Depreciation						
Balance, December 31, 2013	-	-	95	41	130	266
Increases	-	-	4	3	-	7
Decreases	-	-	-	-	(2)	(2)
Balance, December 31, 2014	-	-	99	44	128	271
Governmental Activities						
Capital Assets, Net	$ 6	$ -	$ 18	$ 28	$ 2	$ 54
Business-type Activities						
Balance,December 31, 2013	$ 2	$ -	$ -	$ 1,010	$ 20	$ 1,032
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, December 31, 2014	2	-	-	1,010	20	1,032
Accumulated Depreciation						
Balance, December 31, 2013	$ -	$ -	$ -	$ 152	$ 16	$ 168
Increases	-	-	-	21	1	22
Decreases	-	-	-	-	-	-
Balance, December 31, 2014	$ -	$ -	$ -	$ 173	$ 17	$ 190
Business-type Activities						
Capital Assets, Net	$ 2	$ -	$ -	$ 837	$ 3	$ 842
Primary Government						
Capital Assets, Net	$ 8	$ -	$ 18	$ 865	$ 5	$ 896

Commitments

Construction projects included in governmental activities are substantially funded with Grants.

Depreciation Expense

Depreciation expense was charged to functions of the primary government as follow:

Governmental Activities		**Business-type Activities**	
General Government	$ 3,889		
Streets	1,919	Water	21,897
		Total	21,897
Total	$ 5,808		

III. B. LIABILITIES

III. B. 1. LEASE COMMITMENTS AND NOTES PAYABLE

-NONE-

(Continued on next page)

III. B. 2. LONG-TERM DEBT

The City also obtained a GEFA loan for water system improvements. This loan was in the amount of $ 400,000, bearing interest of 0.00%, payable in 240 monthly payments of $1,667 beginning 9/1/2011. Maturities are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	20,000	0.00	20,000
2016	20,000	0.00	20,000
2017	20,000	0.00	20,000
2018	20,000	0.00	20,000
2019	20,000	0.00	20,000
2020	20,000	0.00	20,000
2021-2025	100,000	0.00	100,000
2026-2029	35,000	0.00	35,000
Totals	255,000	0.00	255,000
Current	20,000		
Long-term	235,000		

Changes in Long-Term Debt.

	Business-Type Activities
	GEFA Loan
Beginning Balance 1/1/14	305,000
New Borrowings	-0-
Repayments	(50,000)
Ending Balance 12/31/14	255,000

III. B. 3. RISK MANAGEMENT – CLAIMS AND JUDGEMENTS

The City is exposed to various risks of loses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

All significant programs are covered by commercial insurance and no significant changes have occurred in coverage during the past three years. During the year ended December 31, 2014, the City paid 0 claims. The City is not aware of any claims which the City is liable for which were outstanding and unpaid at December 31, 2014. No provisions have been made in the financial statements for the year ended December 31, 2014 for any estimate of potential unpaid claims.

III. C. BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

III. C. 1. RECEIVABLES AND PAYABLES

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The City inadvertently deposited advalorem tax in the SPLOST fund's bank account, resulting in a payable to the General fund from the SPLOST of $ 2,513 at December 31, 2014.

III. C. 2. TRANSFERS AND PAYMENTS

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement. The City's policy is to repay any internal balance in the following year.

The City showed a transfer of $ 32,176 from the SPLOST Fund to the Water/Sewer fund during the current year.

IV. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE

IV. A. JOINTLY GOVERNED ORGANIZATION

-NONE-

IV. B. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30605

V. RETIREMENT PLANS

The City participates in the Social Security Administration Program. This plan is administered by others, is a separate legal entity, and is not included in the City's financial statements.

VI. RELATED PARTY TRANSACTIONS

The City was not involved in any related party transaction during the fiscal year December 31, 2014.

VII. CONTINGENCIES

VII. A. LITIGATION

The City is party to various legal proceeding which normally occurs in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

VII. B. FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the grant funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

City of Ila, Georgia
General Fund
Schedule of Revenues, Expenditures, Encumbrances,
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2014
(dollars are in thousands)

	Original Budget	Revised Budget	Total Actual	Variance
REVENUES				
Taxes:				
Property Tax	$ 27	$ 26	$ 32	$ 6
Sales Tax	48	48	46	(2)
Insurance Premium Taxes	17	17	18	1
Alcoholic Beverage Taxes	-	-	-	-
Other Taxes	-	-	-	-
Total taxes	$ 92	$ 91	$ 96	$ 5
Licenses and permits:				
Licenses	$ 2	$ 10	$ 2	$ (8)
Permits	-	-	-	-
Franchise taxes (fees)	19	19	18	(1)
Other fees	-	-	-	-
Total licenses and permits	$ 21	$ 29	$ 20	$ (9)
Fines and forfeitures	$ -	$ -	$ -	$ -
Interest Income	-	-	1	1
Charges for services	23	23	21	(2)
Intergovernmental	4	4	-	(4)
Other	-	-	1	1
Total revenues before prior year fund balance	$ 140	$ 147	$ 139	$ (8)
Prior year fund balances				
Appropriated for current year budget	$ 368	$ 368	$ 368	$ -
Reappropriated for prior year encumbrances	$ -	$ -	$ -	$ -
Total revenues and prior year fund balances	$ 508	$ 515	$ 507	$ (8)

City of Ila, Georgia
General Fund
Schedule of Revenues, Expenditures, Encumbrances,
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2014
(dollars are in thousands)

	Original Budget	Revised Budget	Total Actual	Variance
EXPENDITURES AND ENCUMBRANCES				
General government:				
Personal services	$ 35	$ 35	$ 31	$ 4
Supplies	2	2	1	1
Other services and charges	54	54	36	18
Capital outlay	-	-	-	-
Total general government	$ 91	$ 91	$ 68	$ 23
Public safety:				
Personal services	$ -	$ -	$ -	$ -
Other services and charges	20	20	20	-
Supplies	-	-	-	-
Capital outlay	-	-	-	-
Total public safety	$ 20	$ 20	$ 20	$ -
Public Works				
Capital outlay	$ 4	$ 2	$ -	$ 2
Repairs & Maintenance	12	22	18	4
Other Changes	24	23	21	2
Total Highways & Streets	$ 40	$ 47	$ 39	$ 8
Expenditures and encumbrances related to prior year budgets (2)	$ -	$ -	$ -	$ -
Total expenditures and encumbrances	$ 151	$ 158	$ 127	$ 31
Excess of revenues over expenditures and encumbrances	$ 357	$ 357	$ 380	$ 23

City of Ila, Georgia
General Fund
Schedule of Revenues, Expenditures, Encumbrances,
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2014
(dollars are in thousands)

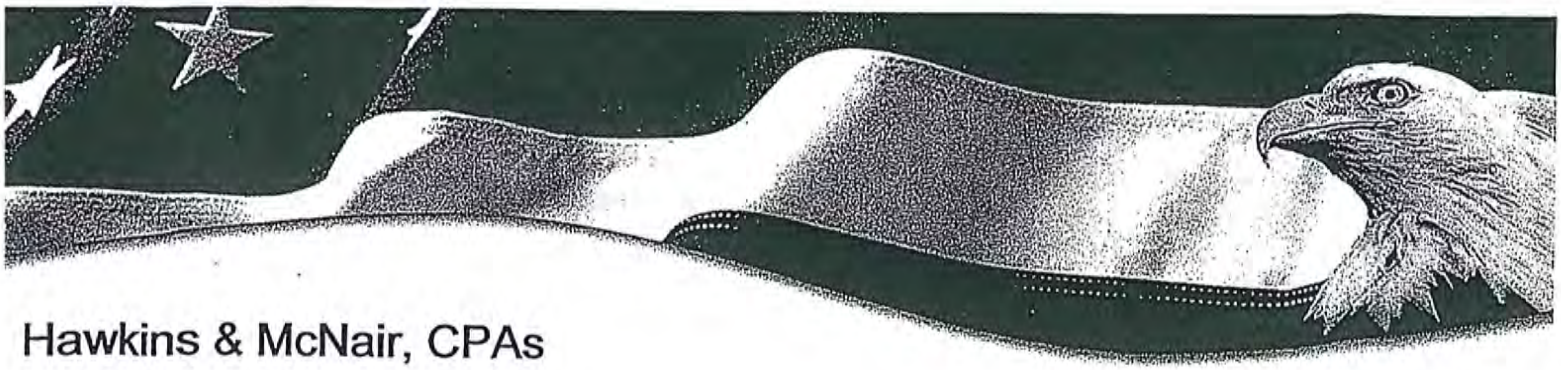
	Original Budget	Revised Budget	Total Actual	Variance
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Water/Sewer	$ -	$ -	$ -	$ -
Capital Project	-	-	-	-
Sanitation	-	-	-	-
Total transfers from other funds	$ -	$ -	$ -	$ -
Transfers to other funds:				
General government:				
Non-departmental:				
Water/Sewer	$ (11)	$ (11)	$ -	$ 11
Grants Management Fund	-	-	-	-
Risk Management Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Total transfers to other funds	$ (11)	$ (11)	$ -	$ 11
			-	
Capital Lease Financing	$ -	$ -	$ -	$ -
Total other financing uses	(11)	(11)	-	11
Excess of revenues and other sources over expenditures, encumbrances, and other uses	**$ 346**	**$ 346**	**$ 380**	**$ 34**
Fund balances, beginning (GAAP budgetary basis)	**$ 368**	**$ 368**	**$ 368**	**$ -**
Less prior year fund balances (1)	(368)	(368)	(368)	-
Fund balance, ending (GAAP budgetary basis)	**$ 346**	**$ 346**	**$ 380**	**$ 34**

(1) The General Fund budget included $ 368 thousand in fund balance carried over from prior years. It is not a revenue of the current period, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balance has been reduced for prior year fund balance to reflect the budgetary ending fund balance projected.

See accompanying notes to financial statements.

Note 1 – Budgetary Information

Budget for the general fund were adopted on a basis that is a consistent with accounting principles generally accepted in the United States as applied to governments.



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

To the City Council
City of Ila, 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, and each major fund of City of Ila, Georgia, (City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2015 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

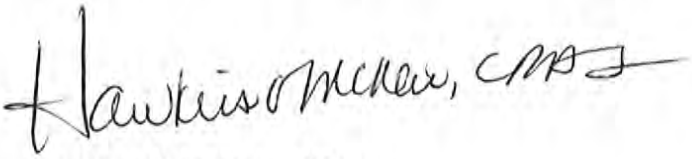
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

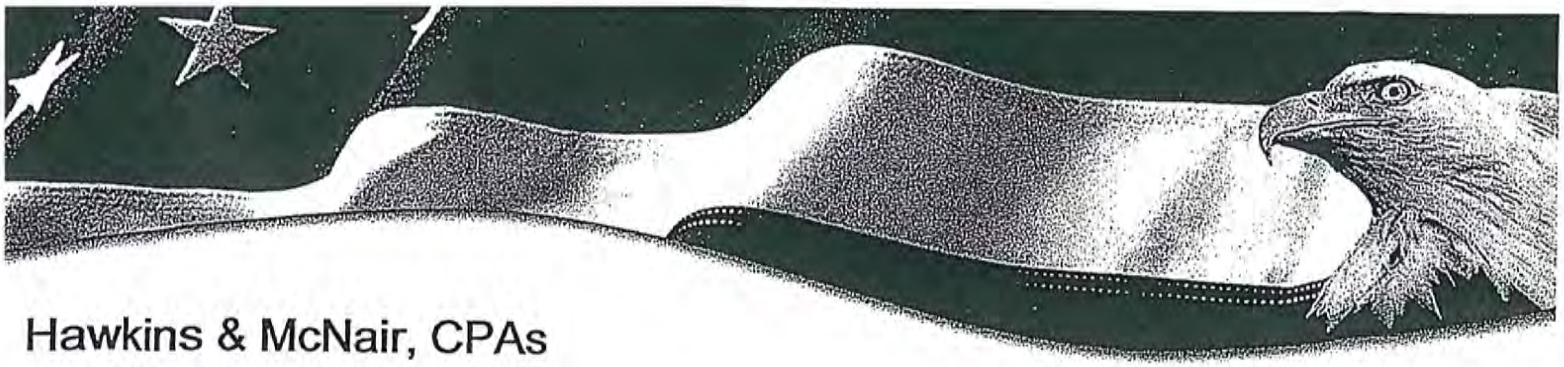
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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.



Hawkins & McNair, CPAs
Winder, Georgia
May 22, 2015



Hawkins & McNair, CPAs

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

May 22, 2015

To the Honorable Mayor and City Council
City of Ila, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Ila, Georgia for the year ended December 31, 2014. This schedule is the responsibility of the City of Ila, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis as described in Note I.B.4. and is not intended to be complete presentation of City of Ila, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in City of Ila, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Hawkins & McNair, CPAs

Hawkins & McNair, CPAs

CITY OF ILA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

	Original Budget	Expenditures Prior Years	Expenditures Current Year	Total
Water	$ 180,000	$ 115,140	$ 32,176	$ 147,316
Totals	$ 180,000	$ 115,140	$ 32,176	$ 147,316