TOWN OF IVEY, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
Town of Ivey, 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 Town of Ivey, Georgia, as of and for the year ended September 30, 2014 which collectively comprise the Town'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, based on our audit, 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 Town of Ivey, Georgia, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 26 through 27 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Ivey, Georgia has not presented management's discussion and analysis that governmental 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 financials 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 this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Town of Ivey, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents is the responsibility of management and was derived from and relates 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 16, 2015 on our consideration of the Town of Ivey, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Town of Ivey, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P. C.

January 16, 2015

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF IVEY, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 131,361	$ 26,826	$ 158,187
Restricted assets:			
Cash in bank	-	5,603	5,603
Accounts receivable, net	16,854	24,372	41,226
Receivable from other governments	26,266	-	26,266
Internal balances	-	-	-
Total current assets	174,481	56,801	231,282
Noncurrent assets:			
Nondepreciable	30,105	10,147	40,252
Depreciable capital assets, net of accumulated depreciation	206,096	3,923,682	4,129,778
Total non current assets	236,201	3,933,829	4,170,030
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	410,682	3,990,630	4,401,312
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	19,918	9,626	29,544
Current portion of long-term debt	-	7,218	7,218
Liabilities payable from restricted assets:			
Accrued interest payable	-	2,288	2,288
Current portion of bonds payable	-	48,307	48,307
Meter deposits held	-	45,345	45,345
Other accrued liabilities	2,055	415	2,470
Total current liabilities	21,973	113,199	135,172
Noncurrent liabilities:			
Notes and revenue bonds payable, less current portion	-	2,362,938	2,362,938
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	21,973	2,476,137	2,498,110
NET POSITION:			
Net investment in capital assets	236,201	1,515,366	1,751,567
Restricted for:			
Revenue bond retirement	-	162,380	162,380
Capital projects	40,421	-	40,421
Unrestricted	112,087	(163,253)	(51,166)
	$ 388,709	$ 1,514,493	$ 1,903,202

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 133,332	$ 3,480	$ -	$ 107,705	$ (22,147)	$ -	$ (22,147)
Public safety	187,502	38,054	-	-	(149,448)	-	(149,448)
Street department	84,048	33,732	16,194	-	(34,122)	-	(34,122)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	404,882	75,266	16,194	107,705	(205,717)	-	(205,717)
Business-type activities:							
Water and sewer	468,992	248,702	-	-	-	(220,290)	(220,290)
Total business-type activities	468,992	248,702	-	-	-	(220,290)	(220,290)
Total primary government	$ 873,874	$ 323,968	$ 16,194	$ 107,705	(205,717)	(220,290)	(426,007)
General revenues:							
Taxes:							
Property taxes					49,030	-	49,030
General sales and use tax					121,269	-	121,269
Excise tax					56,066	-	56,066
Franchise tax					37,265	-	37,265
Insurance company premium tax					50,604	-	50,604
Other taxes					41,513	-	41,513
Interest and dividend earnings					48	11	59
Miscellaneous					2,952	-	2,952
Transfers					(126,499)	126,499	-
Total general revenues and transfers					232,248	126,510	358,758
Change in net position					26,531	(93,780)	(67,249)
Net position, beginning					362,178	1,608,273	1,970,451
Net position, ending					$ 388,709	$ 1,514,493	$ 1,903,202

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Capital Projects Fund (2007)	Capital Projects Fund (2013)	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 86,788	$ 5,593	$ 38,980	$ 131,361
Accounts receivable, net	16,854	-	-	16,854
Receivable from other governments	17,066	-	9,200	26,266
Receivables from other funds	-	-	-	-
Total assets	$ 120,708	$ 5,593	$ 48,180	$ 174,481
LIABILITIES:				
Accounts payable	$ 6,566	$ 5,593	$ 7,759	$ 19,918
Other liabilities	2,055	-	-	2,055
Payable to other funds	-	-	-	-
Total liabilties	8,621	5,593	7,759	21,973
DEFERRED INFLOWS OF RESOURCES:				
Property taxes	6,830	-	-	6,830
FUND BALANCES:				
Non-spendable fund balance	-	-	-	-
Restricted fund balance:				
Capital projects	-	-	-	-
Public safety	-	-	40,421	40,421
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	105,257	-	-	105,257
Total fund balances	105,257	-	40,421	145,678
Total liabilities, deferred inflows of resources and fund balance	$ 120,708	$ 5,593	$ 48,180	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $257,622	236,201
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accounts receivable, net of allowance for doubtful accounts of $0	6,830
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds	-
Net position of governmental activities	$ 388,709

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Capital Projects Fund (2007)	Capital Projects Fund (2013)	Total Governmental Funds
REVENUES:				
Taxes	$ 359,000	$ -	$ -	$ 359,000
Licenses and permits	3,480	-	-	3,480
Intergovernmental	16,194	59,462	48,175	123,831
Fees and fines	38,054	-	-	38,054
Charges for services	33,732	-	-	33,732
Other	3,000	62	6	3,068
Total revenues	453,460	59,524	48,181	561,165
EXPENDITURES:				
Current operating:				
General government	125,303	-	-	125,303
Street department	81,831	1,118	-	82,949
Public safety	177,403	-	-	177,403
Debt service:				
Principal	-	41,583	-	41,583
Interest and other charges	-	-	-	-
Capital outlays	-	119,484	-	119,484
Total expenditures	384,537	162,185	-	546,722
Excess (deficiency) of revenues over expenditures	68,923	(102,661)	48,181	14,443
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	(18,564)	7,760	(7,760)	(18,564)
Total other financing sources and uses	(18,564)	7,760	(7,760)	(18,564)
Net change in fund balance	50,359	(94,901)	40,421	(4,121)
FUND BALANCE, beginning of year	54,898	94,901	-	149,799
FUND BALANCE, end of year	$ 105,257	$ -	$ 40,421	$ 145,678

(Continued)

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds		$ (4,121)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital outlays	11,548	
Depreciation	(19,227)	
	(7,679)	
The effect of various capital asset transactions, including sales and donations of assets		-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Receivables, net of deferred revenue		(3,252)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:		
Issuance of long-term debt	-	
Repayment of long-term debt	41,583	
	41,583	
		$ 26,531

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 26,826
Restricted assets:	
Cash in bank	5,603
Accounts receivable, net of allowance	24,372
Total current assets	56,801
NONCURRENT ASSETS:	
Capital Assets:	
Land	10,147
Building	25,012
Distribution system	5,711,426
Equipment	133,129
	5,879,714
Less accumulated depreciation	(1,945,885)
Total capital assets	3,933,829
Total assets	3,990,630
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	9,626
Other liabilities	415
Current portion on long-term debt	7,218
Due to Capital Projects Fund	-
Meter deposits held	45,345
Liabilities payable from restricted assets:	
Accrued interest payable	2,288
Current portion of bonds payable	48,307
Total current liabilities	113,199
NONCURRENT LIABILITIES:	
Note payable, net of current portion	4,338
Water revenue bonds, net of current portion	2,358,600
Total noncurrent liabilities	2,362,938
Total liabilities	2,476,137
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	1,515,366
RESTRICTED FOR:	
Revenue bond retirement	162,380
UNRESTRICTED	(163,253)
Total net position	$ 1,514,493

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRORIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	$ 248,081
Other revenue	621
Total operating revenue	248,702
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	31,877
Payroll taxes	3,085
Purchased/contracted services:	
Repairs and replacement	35,903
Testing	7,522
Sewerage treatment	32,810
Insurance	9,413
Training	-
Supplies:	
Chemicals and supplies	33,640
Office supplies	933
Utilities and communication	37,796
Depreciation	154,040
Miscellaneous	4,340
Total operating expenses	351,359
OPERATING INCOME (LOSS)	(102,657)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	11
Interest expense	(117,633)
Total non-operating revenues (expenses)	(117,622)
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(220,279)
CAPITAL CONTRIBUTIONS:	
Contribution from Capital Projects Fund	107,935
NET INCOME (LOSS) BEFORE TRANSFERS	(112,344)
TRANSFERS FROM (TO) GENERAL FUND	18,564
NET INCOME (LOSS)	(93,780)
NET POSITION, beginning of year	1,608,273
NET POSITION, end of year	$ 1,514,493

See accompanying notes to the basic financial statements

TOWN OF IVEY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 261,594
Cash paid to suppliers for goods and services	(179,332)
Cash paid to employees	(35,863)
Other receipts (payments)	-
Net cash provided by (used for) operating activities	46,399
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	18,564
Net cash provided by (used for) noncapital financing activities	18,564
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Principal paid on capital debt	(43,694)
Interest paid on capital debt	(13,814)
Proceeds from notes payable	-
Net cash provided by (used for) capital and related financing activities	(57,508)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	11
Net cash provided by (used for) investing activities	11
NET INCREASE (DECREASE) IN CASH	7,466
CASH AND CASH EQUIVALENTS, beginning of year	24,963
CASH AND CASH EQUIVALENTS, end of year	$ 32,429
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (102,657)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	154,040
Changes in assets and liabilities:	
Accounts receivable	12,892
Accounts payable	(13,537)
Other liabilities	(901)
Due to Capital Projects Fund	(3,300)
Meter deposits held	(138)
Net cash provided by (used for) operating activities	$ 46,399
RECONCILIATION OF TOTAL CASH:	
Current assets - cash	$ 26,826
Restricted assets - cash	5,603
	$ 32,429

NONCASH CAPITAL FINANCING ACTIVITIES:

Note payments of $103,819 and fixed asset purchases of $4,116 were made through contributions from the Capital Projects Fund.

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Town of Ivey (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town.

Currently, the Town has no blended component units or discretely presented component units

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

> The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Capital Projects Fund (2013) accounts for capital expenditures paid with the special purpose local option sales tax 2013 referrendum.
>
> The Capital Projects Fund (2007) accounts for capital expenditures paid with the special purpose local option sales tax 2007 referrendum.

The Town reports the following major proprietary fund:

> The Water and Sewer Fund is used to account for the provision of water and sewer services to businesses and residents of the Town. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The Town complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the Town to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the Town has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for sales and services; operating expenses 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

Materials purchased in the proprietary fund are expensed as purchased and are not inventoried at year end due to lack of materiality.

F. Restricted Assets

Restricted assets consists of cash in savings accounts required to be maintained pursuant to the bond ordinance on the 1980 and 2001 water revenue bonds.

G. Prepaid Items

Prepaid balances, if any, are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of two years and with an original cost of $1,500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. No infrastructure assets were completed during the year ended September 30, 2014. At September 30, 2014, there was no construction-in-progress related to infrastructure assets.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows

Buildings	30 - 40 years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 - 50 years

I. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as an expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The Town does not allow accumulated vacation pay beyond one year; therefore there are no significant unrecorded balances at September 30, 2014.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charge and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Equity Classifications

The Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

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 assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town 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 Town Council through the adoption of a resolution. Only the Town Council may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned balances may be reported in all funds.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the Town would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The Town does not have a formal minimum fund balance policy; however, the Town Council address various target reserve positions which are reviewed periodically.

Net Position

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to year end the Town Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Town of Ivey.

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended September 30, 2014:

Public safety	$ 29,378

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of September 30, 2014, none of the Town's $144,904 was exposed to custodial credit risk.

The Town had on deposit at September 30, 2014, $18,886 in the Georgia Fund 1, which is a combination local and state government investment pool. Georgia Fund 1 is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a Rule 2a-7 like pool. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participant's shares sold and redeemed based on $1.00 per share. Pooled cash and cash equivalents and investments are reported at cost which approximates fair value. The pool does not issue any legally binding guarantees to support the value of the shares. Participation in the pool is voluntary and deposits consist of funds from local governments; operating and trust funds of Georgia's state agencies, colleges and universities; and current operating funds of the State of Georgia's General Fund.

Investments in Georgia Fund 1 are directed toward short-term instruments such as U.S. treasury obligations, securities issued or guaranteed as to principal and interest by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances and repurchase agreements. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The Office of State Treasury is the oversight agency for Georgia Fund I.

Investments

Investing is performed in accordance with investment policies complying with State Statutes. According to State Statutes, funds may be invested in (1) obligations of this state or of other states, (2) obligations issued by the Unites States Government, (3) obligations fully insured or guaranteed by the United States Government or by a government agencyof the United States, (4) obligations of any corporation of the United States Government, (5) prime bankers acceptances, (6) the Local government investment Pool established by the Georgia Code, (7) repurchase agreements, and (8) obligations of other political subdivisions of this state.

The Town's investments are categorized as either (1) insured or registered or for which securities are held by the Town or its agent in the Town's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Town's name, or (3) uninsured and unregistered for which the Securities are held by the counterparty, or by its trust department or agent but not in the Town's name.

4. PROPERTY TAXES

The value of all real and business personal property located in the Town is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the Town Council. Appraised values are established by Wilkinson County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on or about October 8. Taxes are billed shortly after October 15 and are due December 10, after which date penalties and interest may be assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the Town. Property taxes are billed and collected by the Wilkinson County Tax Commissioners. Current tax collections for the years ended September 30, 2014, were 90.5% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At September 30, 2014, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 9,056	$ -	$ 9,056
Local option sales tax	17,066	-	17,066
Garbage fees receivable	3,327	-	3,327
Miscellaneous taxes	2,348	-	2,348
Due from former employee	2,123	-	2,123
Capital Projects Fund (2013)			
Special local option sales tax	9,200	-	9,200
Water and Sewer Fund:			
Water and sewer fees	-	25,078	25,078
	43,120	25,078	68,198
Allowance for doubtful accounts	-	(706)	(706)
	$ 43,120	$ 24,372	$ 67,492

During the year ended September 30, 2013, it was determined that an employee had taken $2,123 of unauthorized funds through credit card cash advances and unauthorized charges on the Town's credit card. Through law enforcement agencies and attorneys, the Town is attempting to recover this money and accordingly $2,123 is recorded as a receivable at September 30, 2014.

6. CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 30,105	$ -	$ -	$ 30,105
Construction-in-progress	-	-	-	-
Subtotal	30,105	-	-	30,105
Other capital assets:				
Buildings	206,456	5,858	-	212,314
Equipment	245,714	9,807	(4,117)	251,404
Subtotal	482,275	15,665	(4,117)	493,823
Accumulated depreciation:				
Buildings	33,588	7,040	-	40,628
Equipment	204,807	12,187	-	216,994
Subtotal	238,395	19,227	-	257,622
Net capital assets	$ 243,880	$ (3,562)	$ (4,117)	$ 236,201

Governmental activities depreciation expense:

General government	$ 8,029
Public safety	10,099
Street department	1,099
	$ 19,227

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 10,147	$ -	$ -	$ 10,147
Construction-in-progress	-	-	-	-
Subtotal	10,147	-	-	10,147
Other capital assets:				
Building	25,012	-	-	25,012
Equipment	133,129	4,117	-	137,246
Infrastructure	5,707,309	-	-	5,707,309
Subtotal	5,875,597	4,117	-	5,879,714
Accumulated depreciation:				
Building	17,670	660	-	18,330
Equipment	97,770	7,819	-	105,589
Infrastructure	1,676,405	145,561	-	1,821,966
Subtotal	1,791,845	154,040	-	1,945,885
Net capital assets	$ 4,083,752	$ (149,923)	$ -	$ 3,933,829

	Initials	Date
Prepared By		
Approved By		

21157

			(1)	(2)	(3)	(4)
1						
2		Beginning Balance				48227422
3						
4	10/10/13	Access System for City Hall	10-20-1013			239670
5		Additional Construction Costs			5898	226197
6	11/18/13	Handrails @ City Hall	1014			120000
7						
8	8/31/14	2006 Dodge Police Car	10-30-1079			250000
9					6499	
10	8/1/14	(2) 625-KDB Genesis RADAR	10-60-1072			319000
11						
12						49382269
13						#1
14						
15						
16						
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26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39			General Fixed Asset Additions			
40			9-30-14			

	Initials	Date
Prepared By		
Approved By		

21157

	Date		(1)	(2) Depreciation Life	(3) Depreciation Method	(4) Amount
1						
2		Beginning Balance				65513632
3						
4	4/9/14	5.5 HP Horsa Pump 1030 1024	4 Plastomer	10	S/L	71149
5						
6	4/14/14	(10) Water meters 1025				62000
7						
8	9/10/14	meter for Well 1026				196694
9						
10	9/10/14	Steel Doors for Well #1 1027		25		81809
11						
12						65925284
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37						
38			Water Fund			
39			Fixed Asset Additions			
40			9-30-14			

SPLIT 2000 1/2

7. LONG-TERM DEBT

Outstanding Debt:

At September 30, 2014, long-term debt consisted of the following:

	Governmental Activities	Enterprise Fund Debt
$28,000 note payable to BB&T for a backhoe; interest at 3.41%, due in monthly principal and interest payments of $625 to April 2016	$ -	$ 11,556
$166,000 of 1980 water revenue bonds for water system improvements, due in annual principal installments of $4,000 to $9,000 through January 1, 2020, interest at 5%	-	47,000
$2,705,060 of 2001 water revenue bonds for sewer system construction, interest at 4.75%, due in monthly principal and interest installments of $12,715 to September 2042	-	2,359,907
Total long-term debt	$ -	$2,418,463

Following is a summary of changes in long-term debt for governmental and business-type activities for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Amount Due in One Year
Governmental activities:					
Note payable	$ 41,583	$ -	$ 41,583	$ -	$ -
Business-type activities:					
Note payable	$ 19,090	$ -	$ 7,534	$ 11,556	$ 7,218
Water and sewer revenue bonds	2,443,067	-	36,160	2,406,907	48,307
	$2,462,157	$ -	$ 43,694	$2,418,463	$ 55,525

Annual Requirements to Retire Debt Obligations of Business-Type Activities:
The annual maturities for the years subsequent to September 30, 2014 are as follows:

Year Ending September 30	Notes Payable		Water and Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	$ 7,218	$ 280	$ 48,307	$ 113,373
2016	4,338	56	51,314	110,966
2017	-	-	53,418	108,462
2018	-	-	56,625	105,805
2019			58,939	103,041
2020 - 2024	-	-	294,541	474,460
2025 - 2029	-	-	365,793	397,107
2030 - 2034	-	-	463,727	299,173
2035 - 2039	-	-	587,883	175,017
2040 - 2042	-	-	426,360	31,933
	$ 11,556	$ 336	$2,406,907	$1,919,337

8. FUND DEFICITS

Deficit fund balances or retained earnings balances of individual funds. Net position - unrestricted in the Water Fund reflected a deficit balance of $163,253 at September 30, 2014. The Town is examining its revenues and expenses and implementing certain cost cutting measures as well as examining some possible rate increases. The Town anticipates that these changes will provide a positive fund balance in the future.

9. INTERFUND TRANSACTIONS AND BALANCES

Transfers:

	Transfers From:	
TransfersTo	General Fund	Capital Projects Fund (2013)
Water and Sewer Fund	$ 18,564	$ -
Capital Projects Fund 2007	-	7,760

Transfers are used to utilize unrestricted revenues collected in the Water Fund to help finance operations accounted for in the General Fund in accordance with budgetary authorizations.

10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Litigation

According to the Town's attorney, there are no contigent liabilities or other litigation in progress for which the Town may be liable as of September 30, 2014.

11. RETIREMENT PLAN

The Town does not have a retirement or pension plan.

12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Town. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pool

The Town has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the Town has no legal obligation to pay its own workers' compensation claims or general liability claims. The Town is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the Town's annual contribution, the Town has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The Town is self-insured with regard to unemployment compensation claims. The Town accounts for claims with expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The Town has not experienced any claims related to unemployment compensation in the past three years.

13. JOINT VENTURE

Under Georgia law, the Town in conjunction with other cities and counties in the fourteen Town east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended September 30, 2014, the Town paid $1,100 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each Town and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175-C Emory Highway
Macon, Georgia 31201

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 16, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund and the Police Narcotics Division Fund

TOWN OF IVEY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 57,500	$ 57,500	$ 52,283	$ (5,217)
Vehicle	18,250	18,250	23,142	4,892
Franchise tax	45,000	45,000	37,265	(7,735)
Alcoholic beverage excise	16,750	16,750	15,753	(997)
Local option sales tax	140,000	140,000	121,269	(18,731)
Excise tax	16,000	16,000	56,066	40,066
Insurance company premium	45,000	45,000	50,604	5,604
Intangible	2,100	2,100	-	(2,100)
Other	1,050	1,050	2,618	1,568
	341,650	341,650	359,000	17,350
Licenses and Permits:				
Building permits	200	200	100	(100)
Business and alcoholic beverage licenses	3,650	3,650	3,380	(270)
	3,850	3,850	3,480	(370)
Intergovernmental:				
State of Georgia grant	-	-	16,194	16,194
Criminal Justice Safety Grant	-	-	-	-
	-	-	16,194	16,194
Charges for services:				
Garbage fees	37,500	37,500	33,732	(3,768)
Court fines	26,500	26,500	38,054	11,554
	64,000	64,000	71,786	7,786
Miscellaneous:				
Interest income	20	20	48	28
Other	500	500	2,952	2,452
	520	520	3,000	2,480
Total revenues	410,020	410,020	453,460	43,440

TOWN OF IVEY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 175,380	$ 175,380	$ 125,303	$ 50,077
Public safety	148,025	148,025	177,403	(29,378)
Street department	127,600	127,600	81,831	45,769
Total operating expenditures	451,005	451,005	384,537	66,468
Capital Outlays:				
General government	-	-	-	-
Public safety	-	-	-	-
Street department	-	-	-	-
Total capital expenditures	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	451,005	451,005	384,537	66,468
Excess (deficiency) of revenues over expenditures	(40,985)	(40,985)	68,923	109,908
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	70,600	70,600	(18,564)	(89,164)
	70,600	70,600	(18,564)	(89,164)
Excess (deficiency) of revenues over expenditures and other financing sources	29,615	29,615	50,359	20,744
FUND BALANCE, beginning of year	54,898	54,898	54,898	-
FUND BALANCE, end of year	$ 84,513	$ 84,513	$ 105,257	$ 20,744

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

TOWN OF IVEY, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits				
Salaries	$ 40,100	$ 40,100	$ 38,833	$ 1,267
Payroll taxes	23,700	23,700	3,700	20,000
Health insurance	10,500	10,500	4,570	5,930
Purchased/contracted services:				
Accounting and legal	17,325	17,325	18,925	(1,600)
Insurance	43,530	43,530	13,553	29,977
Utilities and communication	22,250	22,250	16,264	5,986
Repairs and maintenance	-	-	-	-
Dues	-	-	7,351	(7,351)
Advertising	400	400	2,252	(1,852)
Supplies:				
Office supplies	11,500	11,500	9,586	1,914
Other costs:				
Travel and training	2,500	2,500	1,756	744
Election	-	-	1,163	(1,163)
Library contribution	2,200	2,200	2,600	(400)
Miscellaneous	1,375	1,375	4,750	(3,375)
Total General Government	$ 175,380	$ 175,380	$ 125,303	$ 50,077
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 115,000	$ 115,000	$ 101,416	$ 13,584
Payroll taxes	-	-	9,723	(9,723)
Health insurance	-	-	11,591	(11,591)
Purchased/contracted services:				
Insurance	-	-	10,181	(10,181)
Uniforms	275	275	1,036	(761)
Professional fees	-	-	3,000	(3,000)
Vehicle costs	21,000	21,000	16,896	4,104
Repairs and maintenance	-	-	885	(885)
Utilities and communication	4,500	4,500	3,293	1,207
Supplies	2,000	2,000	3,036	(1,036)
Other costs:				
Peace officers' retirement and other fees	4,475	4,475	9,209	(4,734)
Miscellaneous	775	775	7,137	(6,362)
Total police	148,025	148,025	177,403	(29,378)
Fire Department Contribution	-	-	-	-
Total Public Safety	$ 148,025	$ 148,025	$ 177,403	$ (29,378)

TOWN OF IVEY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Streets and Sanitation:				
Personal services and employee benefits:				
Salaries	$ 87,500	$ 87,500	$ 31,877	$ 55,623
Payroll taxes	-	-	3,085	(3,085)
Health insurance	4,000	4,000	3,820	180
Purchased/contracted services:				
Insurance	-	-	4,961	(4,961)
Utilities and communication	2,500	2,500	20	2,480
Repairs and maintenance	-	-	3,308	(3,308)
Garbage contract and landfill fees	30,000	30,000	33,600	(3,600)
Paving and street repairs	-	-	-	-
Materials and supplies	2,700	2,700	622	2,078
Other costs	900	900	538	362
Total Street Department	$ 127,600	$ 127,600	$ 81,831	$ 45,769

TOWN OF IVEY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2014

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Street repairs/transportation improvements	$ 18,109	$ 200,000	$ 149,037	$ 1,118	$ 150,155	75.08%
Capital outlays - police	-	60,000	44,996	5,690	50,686	84.48%
Capital outlays - general government	-	223,251	175,809	47,442	223,251	100.00%
Capital outlays - street	-	75,000	8,500	-	8,500	11.33%
Water system improvements	-	650,000	408,597	107,935	516,532	79.47%

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

To the Mayor and Council
Town of Ivey, Georgia

We have audited, 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, the financial statements of of the governmental activities, the business type activities and each major fund of the Town of Ivey, Georgia as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Ivey's basic financial statements and have issued our report thereon dated January 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Ivey, 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 Town of Ivey, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ivey'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify

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certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as items 14-1 through 14-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ivey 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 14-3.

Town of Ivey, Georgia's Response to Findings

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

Purpose of this Report

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

Wright & Wright, P.C.

January 16, 2015

TOWN OF IVEY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2014

14-1 Segregation of Duties

Condition

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Cause

The Town has a full-time clerk who performs all financial duties, including receiving and depositing funds, writing checks and reconciling bank accounts. Items are approved for payment by Council and checks are signed by the Mayor.

Recommendation

We recommend that management continue to exercise alert supervision of employees in order to protect the assets of the Town.

Views of Responsible Officials

We concur with the recommendations and plan to implement the auditors' suggestions.

14-2 Controls Over Financial Statement Presentation

Condition

Town personnel do not currently possess the professional skills necessary to prepare or review the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the Town's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The Town should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

14-3 Budgetary

Condition

In the Town's General Fund, actual expenditures exceeded budget appropriations in the public safety department and in general government - capital outlays. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The Town should monitor the budget and amend it when appropriate.

Views of Responsible Officials

The Town Council will analyze budgetary financial data periodically and amend the budget when appropriate.

TOWN OF IVEY

148 Hwy 243
Ivey, GA 31031

Georgia Department of Audits & Accounts
270 Washington Street, S.W.
Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended September 30, 2014.

With respect to the finding regarding segregation of duties in the "Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards," we submit the following comments:

We annually review our system of internal control after our audited financial statements are received, along with any suggestions from the accounting firm as to improvements that can be made to strengthen controls.

1. We are a small municipal government with two office employees. We have separated accounting duties as much as possible, but because of two sets of books, one for general fund and one for water fund, this is difficult to do. The mayor and a council member co-signs checks after council approves the bills for payment.

   We do not feel that it would be cost effective to hire additional personnel at this time only for the purpose of internal control duty separations.

2. Town personnel do not cuurently possess the professional skills necessary to prepare or review the year end financial statements and related footnotes. The Town will consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

3. The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended September 30, 2013:

   Public safety $ 29,378

   These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

We feel that our internal control system is as strong as possible in the above described situation with the limited number of personnel involved. As indicated in the auditor's report, no significant errors or irregularities were found because of our lack of segregation of duties.

Should you need any further explanation of this matter please contact us.

Sincerely,

Daniel Pope, Mayor
Town of Ivey