CITY OF MILLEN, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2014

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REDDICK, RIGGS
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Millen, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary data on pages 4 through 10 and page 45, respectively, 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Millen, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the City of Millen, Georgia. The accompanying Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended presented for purposes of additional analysis and is also not a required part of the basic financial statements of the City of Millen, Georgia.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the Schedule of Projects Constructed with Special Purpose Local Option Tax Proceeds and the Schedule of State Awards Expended are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2015, on our consideration of the City's internal control over financial reporting and 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* and in considering the City of Millen, Georgia's internal control over financial reporting and compliance.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
January 12, 2015

This discussion and analysis is intended to be an easily readable analysis of the City of Millen, Georgia's (the City's) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Overview of the Financial Statements

The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the basic financial statements. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to financial statements* provide additional information concerning the City's finances that are not disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The City's financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The *Statement of Activities* reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

In the Statement of Net Position and Statement of Activities, the City is divided into two kinds of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, community development, information services and general administration. These activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, and charges for services.
- *Business-type activities* - Business-type activities include the City's water and sewer system, gas system, and solid waste activities. These activities are supported by charges to the users of the activities.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements (continued)

The City has two kinds of funds:

Governmental Funds: The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances of spendable resources available at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 13 through 17 of this report.

The City maintains three major and four non-major governmental funds. The City's major governmental funds are the General Fund, the SPLOST V Fund and the 2012 CDBG Fund. The City's non-major governmental funds are the E-911 Fund, the Confiscated Assets Fund, the SPLOST VI Fund, and the TSPLOST Fund.

Proprietary Funds: The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 18 through 21 of this report.

The City maintains three enterprise funds: Water and Sewer, Gas and Solid Waste.

Notes to the Basic Financial Statements

The notes to the financial statements explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes begin on page 22 of this report.

Budgetary Presentations

A budgetary comparison statement is included as "basic financial statements" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented as supplementary financial information of this report beginning on page 46.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is $12,078,070, as compared to $10,683,362 at June 30, 2013. The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	$ 1,344,942	$ 969,010	$ 1,417,644	$ 705,722	$ 2,762,586	$ 1,674,732
Capital assets	2,082,551	2,136,935	12,966,655	8,823,909	15,049,206	10,960,844
Total assets	3,427,493	3,105,945	14,384,299	9,529,631	17,811,792	12,635,576
Liabilities:						
Long-term liabilities	50,726	66,094	5,081,853	1,622,149	5,132,579	1,688,243
Other liabilities	101,023	121,057	341,511	142,914	442,534	263,971
Total liabilities	151,749	187,151	5,423,364	1,765,063	5,575,113	1,952,214
Total deferred inflows of resources	-	-	158,609	-	158,609	-
Net position:						
Net investment in capital assets	2,082,551	2,118,884	8,649,090	7,218,219	10,731,641	9,337,103
Restricted	204,779	136,587	22,874	18,505	227,653	155,092
Unrestricted	988,414	663,323	130,362	527,844	1,118,776	1,191,167
Total Net Position	$ 3,275,744	$ 2,918,794	$ 8,802,326	$ 7,764,568	$ 12,078,070	$ 10,683,362

The current ratio is used to measure an entity's ability to meet current obligations. The City of Millen, Georgia has an 13.31 to 1 ratio for governmental activities as compared to 8.00 to 1 at June 30, 2013. The current ratio for business-type activities is 4.15 to 1, as compared to 4.94 to 1 at June 30, 2013. The City's financial position continued to improve due to conservative spending and management's continuous oversight of the departmental budgets.

The City reported positive balances in net position for both governmental and business-type activities. Analyzing the net position of governmental and business-type activities separately, the business-type activities net position is $8,802,326. The table below focuses on the net position and revenues and expenses of the City's governmental and business-type activities. Net position increased $356,950 for governmental activities and increased $1,037,758 for business-type activities. The City's overall financial position improved during the year ended June 30, 2014.

Financial Analysis of the City as a Whole (continued)

The following table provides a summary of the City's changes in net position:

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program						
Charges for services	$ 475,040	$ 495,925	$ 2,144,666	$ 2,067,176	$ 2,619,706	$ 2,563,101
Operating grants	28,564	225,169	-	-	28,564	225,169
Capital grants / contributions	549,843	213,024	813,696	-	1,363,539	213,024
General						
Property taxes	362,042	339,453	-	-	362,042	339,453
Sales taxes	223,018	210,935	-	-	223,018	210,935
Franchise taxes	175,045	170,640	-	-	175,045	170,640
Insurance premium taxes	160,942	155,439	-	-	160,942	155,439
Financial institution taxes	8,170	8,076	-	-	8,170	8,076
Alcoholic beverage taxes	92,106	86,989	-	-	92,106	86,989
Intangible and other taxes	21,076	36,124	-	-	21,076	36,124
Interest	1,135	1,117	27	22	1,162	1,139
Gain (loss) on sale of assets	4,700	2,254	-	3,750	4,700	6,004
Other income	32,258	25,313	-	-	32,258	25,313
Total revenues	2,133,939	1,970,458	2,958,389	2,070,948	5,092,328	4,041,406
Program expenses:						
General government	562,413	546,065	-	-	562,413	546,065
Judicial	8,712	6,542	-	-	8,712	6,542
Public safety	978,449	953,794	-	-	978,449	953,794
Public works	636,302	627,731	-	-	636,302	627,731
Economic development	-	2,263	-	-	-	2,263
Water and sewer	-	-	756,430	784,496	756,430	784,496
Gas	-	-	548,566	505,403	548,566	505,403
Solid waste	-	-	206,748	205,093	206,748	205,093
Total expenses	2,185,876	2,136,395	1,511,744	1,494,992	3,697,620	3,631,387
Increase (decrease) in net position before transfers	(51,937)	(165,937)	1,446,645	575,956	1,394,708	410,019
Transfers	408,887	750,267	(408,887)	(750,267)	Nil	Nil
Increase (decrease) in net position	356,950	584,330	1,037,758	(174,311)	1,394,708	410,019
Beginning net position	2,918,794	2,334,464	7,764,568	7,938,879	10,683,362	10,273,343
Ending net position	$ 3,275,744	$ 2,918,794	$ 8,802,326	$ 7,764,568	$ 12,078,070	$ 10,683,362

Governmental Revenues

The City's governmental activities are heavily reliant on property taxes and sales taxes, which collectively make up 27.42% of governmental revenues. Note that program revenues made up 59.27% of the City's total revenues.

Governmental Expenses

The above table presents the costs of each of the City's programs. Public safety, water and sewer, and gas were the most costly. Public safety made up 26.46% of the City's total expenses, while water and sewer and gas made up 20.46% and 14.84% respectively.

Financial Analysis of the City as a Whole (continued)

There was a deficit of $51,937 in governmental activities and an excess of $1,446,645 in business-type activities. Transfers to (from) governmental activities resulted in a total excess in governmental activities of $356,950 and a total excess in business-type activities of $1,037,758. The total change in net position was $1,394,708. As stated earlier, the financial position of the City improved in the year ended June 30, 2014.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of $1,230,488. Of this year-end total, $153,738 is restricted for capital projects and $51,041 for public safety. The unassigned portion of governmental fund balances was $821,491. The total ending fund balances of governmental funds shows an increase of $401,174, or a 48.37% increase.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund reported ending fund balance of $1,035,863, of which $10,154 is restricted for public safety, $204,218 is assigned for capital projects, and $$821,491 is unassigned. The total ending fund balance of the general fund shows an increase of $326,986. The increase in the current year was a result of tight fiscal controls over spending at the departmental level.

Total revenues of the General Fund were $1,506,483, a decrease of $171,288 from fiscal year 2013. This equates to a 10.21% decrease in total revenues. This decrease was due to delinquent property taxes, lower than expected fines and forfeitures, uncollected probation fees, and lower than expected miscellaneous receipts.

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues for the proprietary funds were $2,144,666, an increase of $77,490 over fiscal year 2013. The an increase was the result of an increase in water and sewer revenues as well as penalties collected. After considering expenditures, the net income of these funds before capital contributions and transfers is $632,950.

Budgetary Highlights

Revenues in the General Fund were over the budget by $9,631. This increase resulted from increased tax collections and increased collections charged for services.

Expenditures in the General Fund were under the budget by $465,937. The decrease resulted primarily from management's oversight of responsible fiscal spending at the departmental level.

A budget amendment was adopted during the year ended June 30, 2014 which resulted in a decrease in General Fund expenditures of $6,600.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of June 30, 2014, was $15,049,206 as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Nondepreciable assets:						
Land	$ 313,041	$ 313,041	$ -	$ -	$ 313,041	$ 313,041
Construction in progress	30,233	29,331	4,432,825	72,129	4,463,058	101,460
Book value - nondepreciable assets	343,274	342,372	4,432,825	72,129	4,776,099	414,501
Depreciable assets:						
Land and improvements	1,087,457	1,022,603	-	-	1,087,457	1,022,603
Buildings and plant	980,584	980,584	11,166,898	11,143,561	12,147,482	12,124,145
Machinery and equipment	683,780	668,620	930,357	860,472	1,614,137	1,529,092
Office equipment	359,578	359,578	9,137	9,137	368,715	368,715
Vehicles	756,295	687,531	293,739	293,739	1,050,034	981,270
Total depreciable assets	3,867,694	3,718,916	12,400,131	12,306,909	16,267,825	16,025,825
Less accumulated depreciation	2,128,417	1,924,353	3,866,301	3,555,129	5,994,718	5,479,482
Book value - depreciable assets	1,739,277	1,794,563	8,533,830	8,751,780	10,273,107	10,546,343
Percentage depreciated	55.03 %	51.74 %	31.18 %	28.89 %	36.85 %	34.19 %
Total Capital Assets	$ 2,082,551	$ 2,136,935	$ 12,966,655	$ 8,823,909	$ 15,049,206	$ 10,960,844

For more information on the changes in capital assets, see Note 3.D.

Capital Assets and Debt Administration (continued)

Debt Outstanding

As of June 30, 2014, the City had total outstanding long-term debt of $5,132,579 as follows:

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Accumulated leave benefits	$ 50,726	$ 48,043	$ 16,645	$ 16,459	$ 67,371	$ 64,502
Notes payable						
GEFA Loan	-	-	802,957	834,485	802,957	834,485
Capital leases						
Public safety equipment	-	18,051	-	-	-	18,051
Other equipment	-	-	3,500,000	-	3,500,000	-
Revenue Bonds Payable						
USDA Bonds, Series 1992	-	-	762,251	771,205	762,251	771,205
Total Long-Term Debt	$ 50,726	$ 66,094	$ 5,081,853	$ 1,622,149	$ 5,132,579	$ 1,688,243

During the year ended June 30, 2014, the City issued no long-term debt. The City retired $58,533 of existing debt.

For more information on the City's long-term debt, see Note 3.G.

Economic Conditions Affecting the City

The City of Millen is located in Jenkins County, where the unemployment rate has remained well above the state average over the past year. The rate has fallen from the year high of 18% to around 13%, which has been a result of a new manufacturing facility opening in the County creating new jobs and investments in the community. The new manufacturing facility is a major gas customer for the City, and has already begun construction on doubling the size of the facility; which will provide increased revenues from gas purchases and taxes.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at P. O. Box 929, Millen, GA 30442.

CITY OF MILLEN, GEORGIA
Statement of Net Position
June 30, 2014

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets				
Cash	$ 1,407,509	$ 912,966	$ 2,320,475	$ 50
Receivables, net of allowance for uncollectibles:				
Taxes	19,332	-	19,332	-
Intergovernmental	54,266	112,534	166,800	-
Other	94,876	138,203	233,079	-
Accrued interest receivable	26	-	26	-
Internal balances	(231,067)	231,067	-	-
Restricted assets:				
Cash	-	22,874	22,874	-
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	343,274	4,432,825	4,776,099	6,350
Depreciable assets, net	1,739,277	8,533,830	10,273,107	38,467
Total Assets	3,427,493	14,384,299	17,811,792	44,867
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities				
Accounts payable	67,337	242,666	310,003	2,370
Accrued salaries	16,723	7,049	23,772	-
Accrued sales tax	-	2,193	2,193	-
Accrued interest payable	-	13,437	13,437	192
Other accrued expenses	16,963	6,782	23,745	-
Deposits to secure services	-	69,384	69,384	-
Noncurrent Liabilities				
Due within one year:				
Compensated absences	10,145	3,330	13,475	-
Notes payable	-	32,589	32,589	2,568
Capital lease payable	-	219,829	219,829	-
Revenue bonds payable	-	9,268	9,268	-
Due in more than one year:				
Compensated absences, net of current portion	40,581	13,315	53,896	-
Notes payable, net of current portion	-	770,368	770,368	43,687
Capital lease payable, net of current portion	-	3,280,171	3,280,171	-
Revenue bonds payable, net of current portion	-	752,983	752,983	-
Total Liabilities	151,749	5,423,364	5,575,113	48,817
Deferred inflows of resources				
Unearned grants received in advance	Nil	158,609	158,609	48,817
NET POSITION				
Net investment in capital assets	2,082,551	8,649,090	10,731,641	(1,438)
Restricted for:				
Capital projects	153,738	-	153,738	-
Debt service	-	22,874	22,874	-
Public safety	51,041	-	51,041	-
Unrestricted	988,414	130,362	1,118,776	(2,512)
Total Net Position	$ 3,275,744	$ 8,802,326	$ 12,078,070	$ (3,950)

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Activities
For the Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Governmental activities:								
General government	$ 562,413	$ 68,421	$ 28,564	$ -	$ (465,428)	$ -	$ (465,428)	
Judicial	8,712	-	-	-	(8,712)	-	(8,712)	
Public safety	978,449	406,619	-	-	(571,830)	-	(571,830)	
Public works	636,302	-	-	549,843	(86,459)	-	(86,459)	
Total governmental activities	2,185,876	475,040	28,564	549,843	(1,132,429)	Nil	(1,132,429)	
Business-type activities:								
Water and sewer	756,430	959,184	-	813,696	-	1,016,450	1,016,450	
Gas	548,566	736,991	-	-	-	188,425	188,425	
Solid waste	206,748	448,491	-	-	-	241,743	241,743	
Total business-type activities	1,511,744	2,144,666	Nil	813,696	Nil	1,446,618	1,446,618	
Total - Primary Government	$ 3,697,620	$ 2,619,706	$ 28,564	$ 1,363,539	(1,132,429)	1,446,618	314,189	
Component Unit								
Downtown Development Authority	$ 5,048	$ 5,100	-	-	-	-	-	$ 52
		General Revenues						
		Property taxes			362,042	-	362,042	-
		Sales taxes			223,018	-	223,018	-
		Franchise taxes			175,045	-	175,045	-
		Insurance premium taxes			160,942	-	160,942	-
		Financial institution taxes			8,170	-	8,170	-
		Alcoholic beverage taxes			92,106	-	92,106	-
		Intangible and other taxes			21,076	-	21,076	-
		Interest			1,135	27	1,162	-
		Other revenues			32,258	-	32,258	-
		Gain (loss) on sale of assets			4,700	-	4,700	-
		Total general revenues			1,080,492	27	1,080,519	-
		Transfers			408,887	(408,887)	-	-
		Total general revenues and transfers			1,489,379	(408,860)	1,080,519	-
		Change in net position			356,950	1,037,758	1,394,708	52
		Net position, beginning of year (as restated)			2,918,794	7,764,568	10,683,362	(4,002)
		Net position, end of year			$ 3,275,744	$ 8,802,326	$12,078,070	$ (3,950)

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	SPLOST V Fund	CDBG 2012 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 1,265,533	$ 29,734	$ 100	$ 112,142	$ 1,407,509
Receivables:					
Taxes receivable	19,332	-	-	-	19,332
Intergovernmental receivables	-	-	15,036	39,230	54,266
Other receivables	76,737	-	-	18,139	94,876
Accrued interest receivable	26	-	-	-	26
Interfund receivables	200	-	-	-	200
Total Assets	$ 1,361,828	$ 29,734	$ 15,136	$ 169,511	$ 1,576,209
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable	$ 47,782	$ 1,360	$ 15,036	$ 3,160	$ 67,338
Accrued salaries	16,723	-	-	-	16,723
Other liabilities	16,963	-	-	-	16,963
Interfund payables	231,067	100	100	-	231,267
Total Liabilities	312,535	1,460	15,136	3,160	332,291
Deferred Inflows of Resources	13,430	-	-	-	13,430
Total Liabilities and Deferred Inflows of Resources	325,965	1,460	15,136	3,160	345,721
FUND BALANCES					
Restricted for:					
Capital projects	-	28,274	-	125,464	153,738
Public safety	10,154	-	-	40,887	51,041
Assigned to:					
Capital projects	204,218	-	-	-	204,218
Unassigned	821,491	-	-	-	821,491
Total Fund Balances	1,035,863	28,274	Nil	166,351	1,230,488
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,361,828	$ 29,734	$ 15,136	$ 169,511	$ 1,576,209

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		$ 1,230,488
Amounts reported in governmental activities in the statements of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Cost	$ 4,210,968	
Accumulated depreciation	(2,128,417)	2,082,551
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes		13,431
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(50,726)
Total Net Position of Governmental Activities		$ 3,275,744

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	SPLOST V Fund	2012 CDBG Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 284,373	$ -	$ -	$ -	$ 284,373
Motor vehicle and title advalorem taxes	83,767	-	-	-	83,767
Mobile home taxes	3,499	-	-	-	3,499
Franchise taxes	175,045	-	-	-	175,045
Sales and use taxes	223,018	-	-	-	223,018
Alcoholic beverage taxes	92,106	-	-	-	92,106
Business and occupation taxes	27,597	-	-	-	27,597
Insurance premium taxes	160,942	-	-	-	160,942
Financial institution taxes	8,170	-	-	-	8,170
Other taxes	2,564	-	-	-	2,564
Licenses and permits	4,924	-	-	-	4,924
Intergovernmental revenues	76,065	131,788	286,072	98,522	592,447
Charges for services	37,289	-	-	111,494	148,783
Fees, fines and forfeitures	271,356	-	-	-	271,356
Investment income	1,130	84	-	5	1,219
Other revenues	54,638	-	-	-	54,638
Total revenues	1,506,483	131,872	286,072	210,021	2,134,448
EXPENDITURES					
Current operations:					
General city government	533,730	-	-	-	533,730
Judicial	8,712	-	-	-	8,712
Public safety	778,489	-	-	131,691	910,180
Public works	609,631	-	-	-	609,631
Debt Service:					
Public safety	-	18,051	-	-	18,051
Capital:					
Public safety	-	30,734	-	-	30,734
Public works	-	129,891	286,072	4,301	420,264
Total expenditures	1,930,562	178,676	286,072	135,992	2,531,302
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(424,079)	(46,804)	-	74,029	(396,854)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	4,700	-	-	-	4,700
Transfers in	793,328	-	-	46,963	840,291
Transfers out	(46,963)	-	-	-	(46,963)
NET CHANGE IN FUND BALANCES	326,986	(46,804)	Nil	120,992	401,174
FUND BALANCES, beginning of year	708,877	75,078	Nil	45,359	829,314
FUND BALANCES, end of year	$ 1,035,863	$ 28,274	$ Nil	$ 166,351	$ 1,230,488

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds		$ 401,174
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		149,679
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(204,064)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds.		
Principal retirement on long-term debt		18,051
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund operating statements.		
Deferred property taxes at June 30, 2014	$ 13,430	
Deferred property taxes at June 30, 2013	(18,637)	(5,207)
Compensated absences reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Liability at June 30, 2014	$ (50,726)	
Liability at June 30, 2013	48,043	(2,683)
Change in net position in governmental funds		$ 356,950

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property taxes	$ 299,300	$ 299,300	$ 284,373	$ (14,927)
Motor vehicle and title advalorem taxes	30,500	30,500	83,767	53,267
Mobile home taxes	3,100	3,100	3,499	399
Franchise taxes	198,262	198,262	175,045	(23,217)
Sales and use taxes	216,000	216,000	223,018	7,018
Alcoholic beverage taxes	85,500	85,500	92,106	6,606
Business and occupation taxes	26,350	26,350	27,597	1,247
Insurance premium taxes	155,439	155,439	160,942	5,503
Financial institution taxes	8,076	8,076	8,170	94
Other taxes	2,700	2,700	2,564	(136)
Licenses and permits	6,500	6,500	4,924	(1,576)
Intergovernmental revenues	41,259	41,259	76,065	34,806
Charges for services	27,216	27,216	37,289	10,073
Fees, fines and forfeitures	305,000	298,000	271,356	(26,644)
Investment income	950	950	1,130	180
Other revenues	97,700	97,700	54,638	(43,062)
Total revenues	1,503,852	1,496,852	1,506,483	9,631
EXPENDITURES				
Current operations:				
General city government	733,049	733,049	533,730	199,319
Judicial	23,550	16,550	8,712	7,838
Public safety	1,050,600	1,051,000	778,489	272,511
Public works	588,900	588,900	609,631	(20,731)
Debt service:				
General city government	7,000	7,000	-	7,000
Total expenditures	2,403,099	2,396,499	1,930,562	465,937
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(899,247)	(899,647)	(424,079)	475,568
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	294,267	294,267	4,700	(289,567)
Transfers in	605,380	605,380	793,328	187,948
Transfers out	-	-	(46,963)	(46,963)
NET CHANGE IN FUND BALANCES	400	Nil	326,986	326,986
FUND BALANCES, beginning of year	708,877	708,877	708,877	Nil
FUND BALANCES, end of year	$ 709,277	$ 708,877	$ 1,035,863	$ 326,986

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash	$ 158,709	$ 754,257	$ -	$ 912,966
Intergovernmental receivables	112,534	-	-	112,534
Accounts receivable	94,864	10,977	32,362	138,203
Restricted assets:				
Cash	22,874	-	-	22,874
Interfund receivables	231,067	-	-	231,067
Total current assets	620,048	765,234	32,362	1,417,644
Noncurrent Assets				
Capital assets:				
Nondepreciable assets	1,456,514	2,976,311	-	4,432,825
Depreciable assets, net	8,083,491	348,713	101,626	8,533,830
Total noncurrent assets	9,540,005	3,325,024	101,626	12,966,655
Total Assets	10,160,053	4,090,258	133,988	14,384,299
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities				
Accounts payable	20,497	216,967	5,202	242,666
Accrued salaries	2,921	1,720	2,408	7,049
Accrued sales tax	-	2,193	-	2,193
Accrued interest payable	4,846	8,591	-	13,437
Compensated absences	1,130	674	1,526	3,330
Other liabilities	-	6,592	-	6,592
Notes payable - current portion	32,589	-	-	32,589
Capital lease payable - current portion	-	219,829	-	219,829
Revenue bonds payable - current portion	9,268	-	-	9,268
Deposits to secure service	38,322	31,252	-	69,574
Total current liabilities	109,573	487,818	9,136	606,527
Noncurrent Liabilities				
Compensated absences	4,518	2,694	6,103	13,315
Notes payable, net of current portion	770,368	-	-	770,368
Capital lease payable, net of current portion	-	3,280,171	-	3,280,171
Revenue bonds payable, net of current portion	752,983	-	-	752,983
Total noncurrent liabilities	1,527,869	3,282,865	6,103	4,816,837
Total Liabilities	1,637,442	3,770,683	15,239	5,423,364
Deferred inflows of resources				
Unearned grant revenues	158,609	Nil	Nil	158,609
NET POSITION				
Net investment in capital assets	7,974,797	572,667	101,626	8,649,090
Restricted for debt service	22,874	-	-	22,874
Unrestricted	366,331	(253,092)	17,123	130,362
Total Net Position	$ 8,364,002	$ 319,575	$ 118,749	$ 8,802,326

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Customer charges	$ 924,314	$ 716,807	$ 437,451	$ 2,078,572
Installation charges	11,103	1,200	-	12,303
Penalties	23,315	18,292	11,040	52,647
Miscellaneous	452	692	-	1,144
Total operating revenues	959,184	736,991	448,491	2,144,666
OPERATING EXPENSES				
Salaries	122,804	89,771	83,655	296,230
Employee benefits	39,684	27,210	32,666	99,560
Contractual services	72,905	11,312	30	84,247
Repairs, maintenance and other contractual services	21,059	6,301	11,581	38,941
Gas purchases	-	368,011	-	368,011
Communications	2,907	1,813	402	5,122
Liability and property insurance	6,557	3,467	2,037	12,061
Travel and training	335	36	-	371
Supplies and materials	43,787	9,837	18,191	71,815
Utilities	89,686	-	-	89,686
Vehicle gasoline	12,979	5,983	30,896	49,858
Depreciation	277,150	20,675	13,348	311,173
Other expenses	5,025	4,150	13,942	23,117
Total operating expenses	694,878	548,566	206,748	1,450,192
NET INCOME FROM OPERATIONS	264,306	188,425	241,743	694,474
NONOPERATING REVENUES (EXPENSES)				
Interest earned	21	6	-	27
Interest expense	(61,551)	-	-	(61,551)
Total nonoperating revenues (expenses)	(61,530)	6	Nil	(61,524)
INCOME (LOSS) BEFORE TRANSFERS	202,776	188,431	241,743	632,950
Capital contributions	1,198,136	-	-	1,198,136
Transfers out	(350,000)	(188,563)	(254,765)	(793,328)
CHANGE IN NET POSITION	1,050,912	(132)	(13,022)	1,037,758
NET POSITION, beginning of year (as restated)	7,313,090	319,707	131,771	7,764,568
NET POSITION, end of year	$ 8,364,002	$ 319,575	$ 118,749	$ 8,802,326

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 964,772	$ 745,892	$ 444,188	$ 2,154,852
Cash paid for goods and services	(300,394)	(464,432)	(108,159)	(872,985)
Cash paid to employees for services	(125,181)	(88,395)	(81,264)	(294,840)
Customer deposits received (refunded)	3,232	619	-	3,851
Net cash provided by operating activities	542,429	193,684	254,765	990,878
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net borrowings from other funds	302,693	-	-	302,693
Net transfers in (out)	(350,000)	(188,563)	(254,765)	(793,328)
Net cash used by noncapital financing activities	(47,307)	(188,563)	(254,765)	(490,635)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed capital	859,771	-	-	859,771
Purchase of property and equipment	(1,089,685)	(2,755,939)	-	(3,845,624)
Proceeds from issuance of other long-term debt	-	3,500,000	-	3,500,000
Retirement of revenue bonds	(8,953)	-	-	(8,953)
Retirement of other long-term debt	(31,529)	-	-	(31,529)
Interest and fiscal charges paid	(61,669)	-	-	(61,669)
Net cash provided (used) by capital and related financing activities	(332,065)	744,061	Nil	411,996
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends and interest earned	21	6	-	27
Net cash provided by investing activities	21	6	Nil	27
NET INCREASE IN CASH AND CASH EQUIVALENTS	163,078	749,188	Nil	912,266
CASH AND EQUIVALENTS, beginning of year	18,505	5,069	Nil	23,574
CASH AND EQUIVALENTS, end of year	$ 181,583	$ 754,257	$ Nil	$ 935,840

The Notes to Financial Statements are an integral part of these statements.

CITY OF MILLEN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Water and Sewer Fund	Gas Fund	Solid Waste Fund	Total
Reconciliation of net income to net cash provided by operating activities:				
NET INCOME FROM OPERATIONS	$ 264,306	$ 188,425	$ 241,743	$ 694,474
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	277,150	20,675	13,349	311,174
Decrease (increase) in operating assets:				
Accounts receivable	5,589	8,900	(4,303)	10,186
Increase (decrease) in operating liabilities:				
Accounts payable	(5,471)	(27,074)	1,585	(30,960)
Accrued salaries	334	70	800	1,204
Accrued leave benefits	(2,711)	1,306	1,591	186
Accrued sales tax	-	(776)	-	(776)
Deposits for services	3,232	619	-	3,851
	-	1,539	-	1,539
Total adjustments	278,123	5,259	13,022	296,404
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 542,429	$ 193,684	$ 254,765	$ 990,878
Supplemental Disclosure of Cash Flow Information				
Noncash investing and financing activities:				
Property and equipment purchased on open account	$ Nil	$ 223,854	$ Nil	$ 223,854
Noncash contribution of property and equipment	$ 384,440	$ Nil	$ Nil	$ 384,440

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The City of Millen, Georgia was incorporated in 1881 under the laws of the State of Georgia and operates under an elected Mayor-Council form of government. The financial statements of the City have been prepared in conformity with accounting principals generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November, 1989, to its governmental and business-type activities at the government-wide level and to its proprietary funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

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

Using the above criteria, the City has one component unit as described below:

Millen Downtown Development Authority (the Authority) - The Authority works to promote the economic development and revitalization of the downtown area. The City Council appoints the board members and is legally obligated or has otherwise assumed financial responsibility for the organization. Therefore, the Authority is fiscally dependent on the City. Complete financial statements for the Authority can be obtained directly from the Millen Downtown Development Authority at 549 Cotton Avenue, Millen, Georgia 30442.

The following are related organizations of the City which are excluded from the reporting entity:

Housing Authority of the City of Millen - The City Council appoints the Authority's governing board. The Authority's operations are financed primarily through grants and rent revenues and the City has no ongoing financial requirement to support the Authority. Additionally, the City does not hold title to the Authority's assets, nor does it have any rights to the Authority's surpluses. During the year ended June 30, 2014, the Authority paid the City $5,959 for payment in lieu of taxes. Financial statements for the Authority may be obtained through the Housing Authority Director at 570 Wallace Street, Waynesboro, Georgia 30830.

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The following are joint ventures or jointly governed organizations which are excluded from the reporting entity:

Central Savannah River Area Regional Commission - Under Georgia law, the City, in conjunction with other cities and counties in a 13-county region in the eastern portion of central Georgia, is a member of the Central Savannah River Regional Commission (RC) and is required to pay annual dues thereto. In addition, the City contracts with the RC for specific services which are billed based on standard hourly rates. During the year ended June 30, 2014, the City paid the RC $16,647 for grant administration services. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational 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. Financial statements for the Commission may be obtained directly from the RC at 3023 Riverwatch Parkway, Suite A, Augusta, Georgia 30907.

B. Basis of Presentation

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

Government-wide financial statements - The government-wide financial statements include a statement of net position and a statement of activities. These statements report financial information for the City as a whole. The primary government and the discretely presented component units are presented separately within these financial statements with focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City and for each major component unit. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted.*

Taxes and other revenue sources not properly included in program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund financial statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. Each fund is considered to be a separate accounting entity with a self-balancing set of accounts. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City's major governmental funds are:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

SPLOST V Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Jenkins County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, and the related debt.

2012 Community Development Block Grant Fund - To account for the costs of certain public facility improvements, including sidewalks, flood and drainage facilities, and water and sewer facilities, which will benefit low and moderate income persons. Financing is being provided through a Community Development Block Grant (CDBG) program.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise funds.

Water and Sewer Fund - This fund is used to account for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

Gas Fund - This fund is used to account for the operation of the City's gas system which renders services to the residents and businesses located within the City.

Solid Waste Fund - This fund is used to account for the operation of the City's solid waste and sanitation program.

C. Measurement Focus

Government-wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial statements and reported on the financial statement. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The City considers revenues to be available if they are collected within 60 days after year end.

Note 1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e. collected by year end or within 60 days) before it can be recognized. Under the modified accrual basis, the revenues susceptible to accrual are property taxes, franchise taxes, licenses, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

E. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Investments

The City's cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the government.

State statute authorizes municipalities to invest in the following types of obligations:

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

It is the City's policy to invest all cash in insured deposit accounts. Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U. S. obligations.

2. Receivables

Receivables are stated net of an allowance for uncollectible accounts. Delinquent taxes receivable are offset by the deferral of the related revenues until payment is received except amounts received within 60 days of the balance sheet date.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

3. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities column of the government-wide statement of net position, except that any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as “internal balances.”

4. Interfund Activities

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the nonoperating revenues/expenses section in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

5. Inventories and Prepaid Expenses

The purchase method is used to account for inventories of materials. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Payments by the City in the current year to provide services occurring in the subsequent fiscal year are recorded under the purchase method. Therefore, no prepaid balance has been reflected at year end.

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

6. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the governmental fund statements. Capital assets utilized by proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the proprietary fund's statement of net position. General infrastructure assets (i.e., roads, bridges, right of ways, and similar items) acquired prior to July 1, 2003 are not reported.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair market value as of the date received. The City maintains a capitalization threshold of $10,000 for infrastructure, and a capitalization threshold of $500 for other capital assets. The City's infrastructure consists of roads, bridges, storm sewers, sidewalks, traffic islands, street lights, traffic signals, and street signs. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Asset Category	Estimated Useful Life
Buildings and plant	40 to 50 years
Land improvements	15 to 50 years
Machinery and equipment	5 to 10 years
Office furnishings and equipment	5 to 7 years
Vehicles	5 to 7 years

7. Compensated Absences

City policy provides for the accumulation of unused vacation days up to a maximum of 30 days. It also provides for the accumulation of sick days up to a maximum of 60 days. It is the City's policy to pay employees for unused vacation when there is a separation from service. Accumulated sick pay does not vest and is not paid upon termination.

Leave benefits accrue as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer would compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

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

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

8. Accrued Liabilities and Obligations

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

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

9. Debt Issuance Costs

Bond or other debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

10. Fund Net Position or Equity

Fund equity at the governmental fund reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

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

- **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 City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position or Equity (continued)

10. Fund Net Position or Equity (continued)

Flow Assumptions - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position is available.

11. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for the use of the water, gas and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements and schedules in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budgets are adopted on a basis consistent with GAAP, except that no provision is made to reserve for encumbrances. All annual appropriations lapse at fiscal year end.

Note 2. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

The City's budgetary process requires that expending agencies and department heads submit appropriation requests to the City Manager. After review by the City Manager, the requests are combined and an operating budget is submitted to the City Council prior to March for the fiscal year commencing the following July 1. Once received by the City Council, public hearings are advertised and conducted at City Hall to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through passage of an ordinance. The final budget can be amended by the City Council through the year.

During the fiscal year ended June 30, 2014, City Council approved a budget amendment which decreased General Fund expenditures by $6,600.

The legal level of budgetary control is the department level.

The City does not use encumbrance accounting, whereby commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control.

B. Excess of Expenditures over Appropriations

In governmental funds, operating expenditures exceeded the budget as follows:

General Fund		
Public works: Streets	$	26,260

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

At June 30, 2014, the carrying amount of the City's deposits was $2,343,349 which is reflected as cash of $2,320,475 and restricted cash of $22,874. The related bank balance was $2,377,645. Of this bank balance, $605,363 was FDIC insured. The uninsured portion was collateralized at 110% with State or U.S. Government securities held by a third party.

B. Receivables

Receivables at June 30, 2014, including the applicable allowance for uncollectible accounts, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Property taxes at June 30, 2014 consist of the following:

Taxes receivable - Current	$	20,268
Prior		7,711
Gross receivables		27,979
Allowance for uncollectible accounts		8,647
Total	$	19,332

Note 3. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Other receivables at June 30, 2014, consisted of the following:

	General Fund	2012 CDBG Fund	Other Governmental Funds	Enterprise Funds	Total
Intergovernmental receivables	$ -	$ 15,036	$ 39,230	$ 112,534	$ 166,800
Other receivables	76,737	-	18,139	199,422	294,298
Gross receivables	76,737	15,036	57,369	311,956	461,098
Allowance for uncollectible	-	-	-	61,219	61,219
Total	$ 76,737	$ 15,036	$ 57,369	$ 250,737	$ 399,879

Intergovernmental receivables consist of SPLOST revenues due from Jenkins County, Georgia, reimbursements for program expenditures under the City's EDA Grant program and reimbursements due under the City's Community Development Block Grant.

Other receivables in the General Fund consist primarily of franchise taxes, local option sales taxes and alcoholic beverage taxes.

C. Property Taxes

Property taxes are levied on October 20, based on the assessed value of property as listed on the previous January 1 and are due December 20. On December 21, the bill becomes delinquent and interest may be assessed by the government. Penalties may be assessed 30 days after that date.

At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures. The City has adopted the policy of writing off all taxes receivable over seven years old.

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Governmental Activities:				
Nondepreciable capital assets:				
Land (as restated)	$ 313,041	$ -	$ -	$ 313,041
Construction-in-progress	29,331	450,196	449,294	30,233
Total nondepreciable capital assets	342,372	450,196	449,294	343,274
Depreciable assets: (as restated)				
Land improvements	1,022,603	64,854	-	1,087,457
Buildings and plant	980,584	-	-	980,584
Machinery and equipment	668,620	15,160	-	683,780
Office equipment	359,578	-	-	359,578
Vehicles	687,531	68,764	-	756,295
Total depreciable capital assets	3,718,916	148,778	-	3,867,694
Total capital assets	4,061,288	598,974	449,294	4,210,968
Accumulated depreciation: (as restated)				
Land improvements	93,659	30,602	-	124,261
Buildings and plant	683,476	25,059	-	708,535
Machinery and equipment	389,295	58,877	-	448,172
Office equipment	277,242	37,099	-	314,341
Vehicles	480,681	52,427	-	533,108
Total accumulated depreciation	1,924,353	204,064	Nil	2,128,417
Governmental activities capital assets, net	$ 2,136,935	$ 394,910	$ 449,294	$ 2,082,551

Governmental activities depreciation expense:	
General city government	$ 26,477
Public safety	121,118
Public works	56,469
Total governmental activities depreciation expense	$ 204,064

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Business-Type Activities:				
Nondepreciable capital assets:				
Construction-in-progress	$ 72,129	$ 4,384,033	$ 23,337	$ 4,432,825
Total nondepreciable capital assets	72,129	4,384,033	23,337	4,432,825
Depreciable capital assets:				
Buildings and plant	11,143,561	23,337	-	11,166,898
Machinery and equipment	860,472	69,885	-	930,357
Office equipment	9,137	-	-	9,137
Vehicles	293,739	-	-	293,739
Total depreciable capital assets	12,306,909	93,222	-	12,400,131
Total capital assets	12,379,038	4,477,255	23,337	16,832,956
Accumulated depreciation:				
Buildings and plant	2,841,138	238,686	-	3,079,824
Machinery and equipment	541,794	55,273	-	597,067
Office equipment	9,137	-	-	9,137
Vehicles	163,060	17,213	-	180,273
Total accumulated depreciation	3,555,129	311,172	Nil	3,866,301
Business-type capital assets, net	$ 8,823,909	$ 4,166,083	$ 23,337	$ 12,966,655

Business-type activities depreciation expense:

Water and sewer	$ 277,149
Gas	20,675
Solid waste	13,348
Total business-type activities depreciation expense	$ 311,172

E. Deferred Inflows of Resources

In addition to liabilities, the City reflects certain items as deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reflects unavailable revenue in this manner. The unavailable revenues from property taxes in the amount of $13,430 are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reflects unavailable revenues in its proprietary funds for a grant for which all conditions have not been met at year end.

Note 3. Detailed Notes on All Funds (continued)

F. Interfund Balances and Transfers

A summary of interfund receivables/payables at June 30, 2014, is as follows:

	Payable to:		
	General Fund	Water and Sewer Fund	Total
Payable from:			
Governmental Funds:			
General Fund	$ -	$ 231,067	$ 231,067
SPLOST V Fund	100	-	100
2012 CDBG	100	-	100
Total	$ 200	$ 231,067	$ 231,267

Amounts due from the General Fund to the Water and Sewer Fund represent amounts loaned which will be repaid in subsequent periods.

Amounts due to the General Fund from the 2012 Community Development Block Grant, the SPLOST V Fund, and the Multiple Grants Fund represent amounts advanced to open various bank accounts.

A summary of interfund transfers during the year ended June 30, 2014, is as follows:

	Transfers to:				
	General Fund	Special Revenue E-911 Fund	Capital Projects TSPLOST Fund	Enterprise Fund Gas Fund	Total
Transfers from:					
Governmental funds:					
General Fund	$ -	$ 46,963	$ -	$ -	$ 46,963
Total governmental funds	-	46,963	-	-	46,963
Proprietary funds:					
Water and Sewer Fund	350,000	-	-	-	350,000
Gas Fund	188,563	-	-	-	188,563
Solid Waste Fund	254,765	-	-	-	254,765
Total proprietary funds	793,328	Nil	Nil	Nil	793,328
Total	$ 793,328	$ 46,963	$ Nil	$ Nil	$ 840,291

Amounts transferred to the General Fund from the enterprise funds and amounts transferred from the General Fund to the enterprise funds represent net cash transactions of those funds deposited into or paid from the General Fund.

Amounts transferred to the E-911 Fund represent amounts due under the City's intergovernmental agreement with Jenkins County to provide for administration of the program.

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt

1. Notes Payable

Notes payable of the City at June 30, 2014 consisted of the following:

Business-type Activities:	
Note payable to the Georgia Environmental Facilities Authority, issued August 16, 2011 in the original amount of $857,458 due on monthly installments of $4,889.60 through September, 2032 with interest at 3.31%.	$ 802,957
Total	$ 802,957

These notes payable of the business-type activities were obtained for the purpose of improving the City's water and sewer systems.

Annual debt service requirements to amortize all notes payable are as follows:

Year ending June 30	Business-Type Activities Principal	Interest	Total
2015	$ 32,589	$ 26,086	$ 58,675
2016	33,684	24,991	58,675
2017	34,816	23,859	58,675
2018	35,986	22,689	58,675
2019	37,195	21,480	58,675
2020 - 2024	205,589	87,787	293,376
2025 - 2029	242,536	50,840	293,376
2030 - 2033	180,562	68,807	249,369
Total	$ 802,957	$ 326,539	$ 1,129,496

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

2. Bonds Payable

At June 30, 2014, bonds payable consisted of the following:

Revenue Bonds:	
Water and Sewerage Revenue Bonds, Series 2009, issued March 2, 2009 in the original amount of $805,000, due in monthly installments of $3,623 through February 2, 2049, with interest at 4.5%	$ 762,251
Total	$ 762,251

The revenue bonds were issued through the United States Department of Agriculture, Rural Development (formerly Farmers Home Administration) to provide funding for expansion and renovation of the City's wastewater treatment facility. The amortization schedule below includes principal and interest on the outstanding balance. The bonds are payable from the net revenues of the water and sewer system and are not general obligations of the City.

The annual requirements to each debt type to amortize bonds outstanding at June 30, 2014, are as follows:

Year ending June 30	Business-Type Activities Principal	Interest	Total
2015	$ 9,268	$ 34,208	$ 43,476
2016	9,792	33,684	43,476
2017	10,242	33,234	43,476
2018	10,712	32,764	43,476
2019	11,205	32,271	43,476
2020 - 2024	64,233	153,147	217,380
2025 - 2029	80,407	136,973	217,380
2030 - 2034	100,653	116,727	217,380
2035 - 2039	125,997	91,383	217,380
2040 - 2044	157,723	59,657	217,380
2045 - 2049	182,019	20,038	202,057
Total	$ 762,251	$ 744,086	$ 1,506,337

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

3. Obligation Under Capital Leases

The City has the following capital lease obligations at June 30, 2014:

Capital lease payable to Regions Equipment Finance due in monthly installments of $23,393, including interest at 2.6957%, through July, 2024, for the acquisition of various gas property and equipment	$ 2,400,000
Capital lease payable to Regions Equipment Finance due in monthly installments ranging from $12,708 to $9,429, including interest at 3.49%, through July, 2024, for the various gas property and equipment	1,100,000
Total	$ 3,500,000

The leases qualify as a capital lease for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The lease proceeds are being used to fund the construction of gas facilities and equipment, and are included in the caption "Construction in Progress." Upon completion, the amortization of this equipment will be included in the City's depreciation.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year ending June 30	Business-Type Activities
2015	$ 322,429
2016	428,059
2017	423,975
2018	419,983
2019	415,991
2020 - 2024	2,020,155
2025 - 2029	32,822
Total minimum lease payments	$ 4,063,414
Less: amount representing interest	563,414
Total	$ 3,500,000

Note 3. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

4. Changes in Long-Term Debt

Transactions for the year ended June 30, 2014 are summarized as follows:

	June 30, 2013	Additions	Retirements	Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities:					
Capital leases	$ 18,051	$ -	$ 18,051	$ -	$ -
Compensated absences	48,043	2,683	-	50,726	10,145
Total governmental activities	66,094	2,683	18,051	50,726	10,145
Business-Type Activities:					
Capital leases	-	3,500,000	-	3,500,000	219,829
Notes payable	834,485	-	31,528	802,957	32,589
Revenue bonds	771,205	-	8,954	762,251	9,268
Compensated absences	16,459	186	-	16,645	3,330
Total business-type activities	1,622,149	3,500,186	40,482	5,081,853	265,016
Total	$ 1,688,243	$ 3,502,869	$ 58,533	$ 5,132,579	$ 275,161

Principal and interest for notes and bonds payable of the Water and Sewer Fund are financed from income derived from the operation of the City's Water and Sewer system. The compensated absences liability will be paid from the proprietary fund from which the employee's salaries are paid. Compensated absences for governmental activities will be paid from the General Fund. The capital lease obligations will be paid from income derived from the operation of the City's Gas system.

5. Pledged Revenues

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay revenue bonds in the original amount of $805,000 as described at 3.G.2. Proceeds from the bonds provided financing for various water and sewer system improvements and expansion. The bonds are payable solely from water and sewer customer net revenues and are payable through 2049. The total principal and interest remaining to be paid on the bonds is $1,506,337. Principal and interest paid for the current year and total customer net revenues were $43,476 and $959,184, respectively.

6. Interest

Interest incurred during the year ended June 30, 2014, in business-type activities was $126,561, of which $61,551 was charged to expense during the year and $65,010 was capitalized as "Construction in Progress."

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan

1. Plan Description

The City contributes to the Georgia Municipal Employees Benefits System (GMEBS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. Benefit provisions are established and amended by the authority of the City's governing body. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303.

2. Funding Policy

Participating employees are not required to contribute to the plan. The City is required to contribute 100% of the amounts necessary to fund the plan at an actuarially determined rate. The current rate is 5.93% of annual covered payroll. The plan is subject to the minimum funding requirements of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

3. Annual Pension Cost

For June 30, 2014, the City's annual pension cost of $69,027 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases of ranging from 3.5% to 11% depending on age and years of service, (c) no post-retirement benefit increase and (d) an inflation rate of 3.5%. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability) over 30 years from 1981 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year in which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amount must be within a corridor of the 10-year and the 30-year amortization of the unfunded (surplus) actuarial accrued liability. These amortization periods, if applicable, are closed for this plan year.

4. Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	$ 69,027	100 %	$ Nil
6/30/2013	66,254	100	Nil
6/30/2012	78,915	100	Nil

Note 3. Detailed Notes on All Funds (continued)

H. Pension Plan (continued)

5. Schedule of Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was funded 99.46%. The actuarial accrued liability for benefits was $2,486,614, and the actuarial value of the assets was $2,473,080, resulting in an unfunded actuarial accrued liability (UAAL) of $13,534. The covered payroll (annual payroll of active employees covered by the plan) was $1,145,050, and the ratio of the funding excess to covered payroll was 1.18%.

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

I. Equity

Net investment in capital assets on the government-wide statement of assets as of June 30, 2014, is as follows:

	Governmental Activities	Business-Type Activities	Total
Cost of capital assets	$ 4,210,968	$ 16,832,956	$ 21,043,924
Accumulated depreciation	2,128,417	3,866,301	5,994,718
Book value	2,082,551	12,966,655	15,049,206
Capital related debt	-	5,065,208	5,065,208
Portion related to unspent debt proceeds	-	747,643	747,643
Net capital related debt	-	4,317,565	4,317,565
Net investment in capital assets	$ 2,082,551	$ 8,649,090	$ 10,731,641

The Statement of Net Position shows certain amounts as restricted. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of restricted net position includes:

Activity	Restricted By	Governmental Activities	Business-Type Activities	Total
Capital projects				
SPLOST capital projects	Law	$ 55,683	$ -	$ 55,683
TSPLOST capital projects	Law	98,055	-	98,055
Total capital projects		153,738	-	153,738
Debt service	Bond covenants	-	22,874	22,874
Other restrictions				
Public safety	Law	51,041	-	51,041
Total other		51,041	-	51,041
Total restricted net position		$ 204,779	$ 22,874	$ 227,653

Note 4. Other Notes

A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries the following insurance coverages. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The amount of insurance coverage has been adequate over the last three fiscal years to cover any settlements. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA. The City is also responsible for following loss reduction and prevention procedures established by GIRMA and reporting as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. GIRMA's responsibility includes paying claims and representing the City in defense and settlement of claims within the scope of loss protection furnished by the funds. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2014. No provisions have been made in the financial statements for the year ended June 30, 2014 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

B. Contingencies and Pending Litigation

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based on prior experience, management of the City believes such disallowances, if any, will not be significant.

At the date of this report, no other litigation, claims or contingencies are pending.

Note 4. Other Notes (continued)

C. Commitments

The City is involved in a continuing plan for improvements to the water and sewer system. As of June 30, 2014, the City had the following commitments with respect to unfinished capital projects:

	Total Project Cost	Remaining Construction Commitment	Expected Date of Completion
Streetscape improvements	$ 1,250,000	$ 1,223,100	December, 2015
Sewer line enhancements	527,635	241,462	January, 2015
Sewer line expansion - Phase II	1,147,138	111,420	December, 2014
Expansion of gas system	3,459,940	763,902	August, 2014
Scenic Bypass Visitors Center	819,693	819,693	December, 2014
Stormwater drainage improvements	562,778	562,778	September, 2015
Wastewater treatment pond improvements	158,609	158,609	December, 2014
Total	$ 7,925,793	$ 3,880,964	

It is anticipated that the streetscape improvements will be funded through a Transportation Enhancement Grant as well as SPLOST funds.

It is anticipated that the Sewer Line Expansion Phase II will be funded through an EDA Grant as well as SPLOST funds.

It is anticipated that the Scenic Bypass Visitors Center will be financed through grants and local funds.

It is anticipated that the sewer line enhancements will be funded through a Community Development Block Grant.

It is anticipated that the expansion of the gas system will be funded through capital leases, which are expected to be repaid from facilities use charges and expanded gas revenues.

It is anticipated that the stormwater drainage improvements will be funded through a Community Development Block Grant as well as SPLOST funds.

It is anticipated that the wastewater treatment pond improvements will be funded through grants from a local industry.

D. Landfill

The Georgia Environmental Protection Division has completed its evaluation of the technical and administrative data for the closure of the Millen landfill for compliance with the Georgia Comprehensive Solid Waste Management Act of 1990 and rules and regulations promulgated thereunder.

The landfill was closed in February, 1988 and was therefore not required to implement a closure/postclosure plan.

After closing the landfill, the City has used the Jenkins County landfill and pays monthly fees for such use. Landfill fees for the year ended June 30, 2014 totaled $8,198.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLEN, GEORGIA
Required Supplementary Information
Schedule of Funding Progress

	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Total Unfunded Actuarial Liability (Funding Excess)	Annual Covered Payroll	Ratio of Unfunded (Excess) to Annual Covered Payroll*
January 1, 2014	$ 2,473,080	$ 2,486,614	99.46 %	$ 13,534	$ 1,145,050	1.18 %
January 1, 2013	2,399,281	2,327,603	103.08	(71,678)	1,114,615	0.00
October 1, 2012	2,322,951	2,237,709	103.81	(85,242)	1,131,960	0.00
November 1, 2011	2,316,592	2,123,908	109.07	(192,684)	1,097,310	0.00
November 1, 2010	2,241,650	2,029,425	110.46	(212,225)	1,094,575	0.00
November 1, 2009	2,044,854	1,998,550	102.32	(46,304)	1,094,575	0.00

** Not less than zero*

For information regarding assumptions and amortization methods, see Note 3.H.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

E-911 Fund - To account for revenues and expenditures of the E-911 system under an operating agreement with the Jenkins County Board of Commissioners. Operations are funded through fees assessed on telephone charges within Jenkins County.

Confiscated Assets Fund - To account for receipts from sale of confiscated properties in drug-related cases. Proceeds are restricted to use by law enforcement for drug investigation and control.

Capital projects funds are established to account for major capital expenditures not financed by enterprise funds, internal service funds or trust funds.

SPLOST VI Fund - This fund is used to account for the proceeds of a Special Purpose Local Option Sales Tax received under an intergovernmental agreement with Jenkins County, Georgia. Proceeds are restricted to use for certain public facility improvements, including water and sewer facilities or improvements, as well as public safety equipment.

TSPLOST Fund - This fund is used to account for the proceeds of a Transportation Special Purpose Local Option Sales Tax. Proceeds are restricted to use for certain road improvements.

CITY OF MILLEN, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds		Capital Projects		
	E-911 Fund	Confiscated Assets Fund	SPLOST VI Fund	TSPLOST Fund	Total
ASSETS					
Cash	$ 20,641	$ 5,267	$ -	$ 86,234	$ 112,142
Intergovernmental receivables	-	-	27,409	11,821	39,230
Other receivables	18,139	-	-	-	18,139
Total assets	$ 38,780	$ 5,267	$ 27,409	$ 98,055	$ 169,511
LIABILITIES					
Accounts payable	$ 3,160	$ -	$ -	$ -	$ 3,160
Total liabilities	3,160	Nil	Nil	Nil	3,160
FUND BALANCES					
Restricted for:	-	-	-	-	-
Capital projects	-	-	27,409	98,055	125,464
Public safety	35,620	5,267	-	-	40,887
Total fund balances	35,620	5,267	27,409	98,055	166,351
Total liabilities and fund balances	$ 38,780	$ 5,267	$ 27,409	$ 98,055	$ 169,511

CITY OF MILLEN, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds		Capital Projects		
	E-911 Fund	Confiscated Assets Fund	SPLOST VI Fund	TSPLOST Fund	Total
REVENUES					
Intergovernmental revenues	$ -	$ -	$ 27,409	$ 71,113	$ 98,522
Charges for services	111,494	-	-	-	111,494
Investment income	5	-	-	-	5
Total revenues	111,499	Nil	27,409	71,113	210,021
EXPENDITURES					
Current operations:					
Public safety	131,691	-	-	-	131,691
Capital:					
Public works	-	-	-	4,301	4,301
Total expenditures	131,691	Nil	Nil	4,301	135,992
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,192)	Nil	27,409	66,812	74,029
OTHER FINANCING SOURCES (USES)					
Transfers in	46,963	-	-	-	46,963
NET CHANGE IN FUND BALANCES	26,771	Nil	27,409	66,812	120,992
FUND BALANCES, beginning of year	8,849	5,267	Nil	31,243	45,359
FUND BALANCES, end of year	$ 35,620	$ 5,267	$ 27,409	$ 98,055	$ 166,351

CITY OF MILLEN, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2013 Actual
REVENUES					
Taxes:					
Property taxes	$ 299,300	$ 299,300	$ 284,373	$ (14,927)	$ 304,582
Motor vehicle and title advalorem taxes	30,500	30,500	83,767	53,267	51,490
Mobile home taxes	3,100	3,100	3,499	399	4,637
Franchise taxes	198,262	198,262	175,045	(23,217)	170,640
Sales and use taxes	216,000	216,000	223,018	7,018	210,935
Alcoholic beverage taxes	85,500	85,500	92,106	6,606	86,989
Business and occupation taxes	26,350	26,350	27,597	1,247	26,246
Insurance premium taxes	155,439	155,439	160,942	5,503	155,439
Financial institution taxes	8,076	8,076	8,170	94	8,076
Other taxes	2,700	2,700	2,564	(136)	3,317
Licenses and permits	6,500	6,500	4,924	(1,576)	6,270
Intergovernmental revenues	41,259	41,259	76,065	34,806	273,936
Charges for services	27,216	27,216	37,289	10,073	26,596
Fees, fines and forfeitures	305,000	298,000	271,356	(26,644)	297,942
Investment income	950	950	1,130	180	1,111
Other revenues	97,700	97,700	54,638	(43,062)	49,565
Total revenues	1,503,852	1,496,852	1,506,483	9,631	1,677,771
EXPENDITURES					
Current operations:					
General city government					
Legislative	57,400	55,900	44,742	11,158	38,852
Elections	10,500	12,000	10,175	1,825	9,794
Administration	665,149	665,149	478,812	186,337	459,157
Judicial					
Municipal court	23,550	16,550	8,712	7,838	6,542
Public safety					
Police	565,550	565,950	521,675	44,275	523,617
Fire	458,100	458,100	237,507	220,593	331,953
Animal control	26,950	26,950	19,308	7,642	20,756
Public works					
Street	518,300	518,300	544,560	(26,260)	528,257
Maintenance	70,600	70,600	65,071	5,529	58,708
Debt service:					
General city government	7,000	7,000	-	7,000	-
Total expenditures	2,403,099	2,396,499	1,930,562	465,937	1,977,636

(Continued)

CITY OF MILLEN, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2013 Actual
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (899,247)	$ (899,647)	$ (424,079)	$ 475,568	$ (299,865)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	7,000	7,000	4,700	(2,300)	2,254
Use (return) of prior year surplus	287,267	287,267	-	(287,267)	-
Transfers in	605,380	605,380	793,328	187,948	813,273
Transfers out	-	-	(46,963)	(46,963)	(52,502)
NET CHANGE IN FUND BALANCES	400	Nil	326,986	326,986	463,160
FUND BALANCES, beginning of year	708,877	708,877	708,877	Nil	245,717
FUND BALANCES, end of year	$ 709,277	$ 708,877	$ 1,035,863	$ 326,986	$ 708,877

CITY OF MILLEN, GEORGIA
E-911 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2013 Actual
REVENUES				
Charges for services				
E-911 Fees	$ 104,811	$ 111,494	$ 6,683	$ 107,027
Investment income	-	5	5	6
Other revenues	100	-	(100)	-
Total revenues	104,911	111,499	6,588	107,033
EXPENDITURES				
Current operations:				
Public safety				
Salaries and related benefits	96,512	88,963	7,549	88,902
Repairs and maintenance - building	-	891	(891)	891
Repairs and maintenance - equipment	1,000	3,342	(2,342)	3,726
Communications	37,800	38,273	(473)	37,005
Other services	2,765	-	2,765	354
Supplies	-	222	(222)	461
Equipment	32,000	-	32,000	6,388
Total expenditures	170,077	131,691	38,386	137,727
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,166)	(20,192)	44,974	(30,694)
OTHER FINANCING SOURCES (USES)				
Transfers in	65,166	46,963	(18,203)	52,402
NET CHANGE IN FUND BALANCES	Nil	26,771	26,771	21,708
FUND BALANCES, beginning of year	8,849	8,849	Nil	(12,859)
FUND BALANCES, end of year	$ 8,849	$ 35,620	$ 26,771	$ 8,849

CITY OF MILLEN, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Fees, fines and forfeitures:				
Seizures and condemnations	$ -	$ -	$ -	$ 494
Total revenues	Nil	Nil	Nil	494
EXPENDITURES				
Current operations:				
Public safety				
Equipment purchases	5,267	-	5,267	-
Total expenditures	5,267	Nil	5,267	Nil
NET CHANGE IN FUND BALANCES	(5,267)	Nil	5,267	494
FUND BALANCES, beginning of year	5,267	5,267	Nil	4,773
FUND BALANCES, end of year	$ Nil	$ 5,267	$ 5,267	$ 5,267

CITY OF MILLEN, GEORGIA
SPLOST V Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2013 Actual
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 262,500	$ 131,788	$ (130,712)	$ 137,685
CDBG Employment Incentive Program Grants	-	-	-	9,834
Investment income	-	84	84	246
Total revenues	262,500	131,872	(130,628)	147,765
EXPENDITURES				
Debt Service:				
General city government	16,667	-	16,667	-
Public safety	-	18,051	(18,051)	18,051
Capital:				
Public safety	33,333	30,734	2,599	24,739
Public works	212,500	129,891	82,609	149,527
Total expenditures	262,500	178,676	83,824	192,317
NET CHANGE IN FUND BALANCES	Nil	(46,804)	(46,804)	(44,552)
FUND BALANCES, beginning of year	75,078	75,078	Nil	119,630
FUND BALANCES, end of year	$ 75,078	$ 28,274	$ (46,804)	$ 75,078

CITY OF MILLEN, GEORGIA
SPLOST VI Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014			
	Budget (Original and Final)	**Actual**	**Variance Positive (Negative)**	**2013 Actual**
REVENUES				
Intergovernmental revenues:				
SPLOST revenues	$ 41,564	$ 27,409	$ (14,155)	$ -
Total revenues	41,564	27,409	(14,155)	Nil
EXPENDITURES				
Capital:				
General city government	4,803	-	4,803	-
Public safety	11,761	-	11,761	-
Public works	25,000	-	25,000	-
Total expenditures	41,564	Nil	41,564	Nil
NET CHANGE IN FUND BALANCES	Nil	27,409	27,409	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ 27,409	$ 27,409	$ Nil

CITY OF MILLEN, GEORGIA
2012 Community Development Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
From Inception and For the Year Ended June 30, 2014

	Project Budget	Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues:				
CDBG Grant	$ 462,054	$ -	$ 286,072	$ 286,072
Total revenues	462,054	Nil	286,072	286,072
EXPENDITURES				
Capital:				
Public works				
Sewer facilities	396,273	-	284,067	284,067
Grant administration	26,154	-	2,005	2,005
Contingencies	39,627	-	-	-
Total expenditures	462,054	Nil	286,072	286,072
NET CHANGE IN FUND BALANCES	Nil	Nil	Nil	Nil
FUND BALANCES, beginning of year	Nil	Nil	Nil	Nil
FUND BALANCES, end of year	$ Nil	$ Nil	$ Nil	$ Nil

CITY OF MILLEN, GEORGIA
2012 Community Development Block Grant
Project Cost Schedule
From Inception and For the Year Ended June 30, 2014

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Latest Accumulated Expenditures to Date		Grand Total Expenditures to Date	Questioned Costs
			CDBG Funds	Other Funds		
Public Facilities Grant (Grant number 09-p-x-082-2-5131)						
Construction						
Sewer facilities	P-03J-02	$ 396,273	$ 284,067	$ -	$ 284,067	$ -
Grant administration	A-21A-00	26,154	2,005	2,556	4,561	-
Engineering - cash match		-	-	43,700	43,700	-
Contingencies	C-022-00	39,627	-	-	-	-
Grand Total		$ 462,054	$ 286,072	$ 46,256	$ 332,328	$ Nil

Source of other funds: General Fund and SPLOST Funds

CITY OF MILLEN, GEORGIA
TIA SPLOST Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014			
	Budget (Original and Final)	Actual	Variance Positive (Negative)	2013 Actual
REVENUES				
Intergovernmental revenues:				
TSPLOST Revenues	$ 84,789	$ 71,113	$ (13,676)	$ 33,543
Total revenues	84,789	71,113	(13,676)	33,543
EXPENDITURES				
Capital:				
Public works				
Street construction	848,789	4,301	844,488	2,400
Total expenditures	848,789	4,301	844,488	2,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(764,000)	66,812	830,812	31,143
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	100
NET CHANGE IN FUND BALANCES	(764,000)	66,812	830,812	31,243
FUND BALANCES, beginning of year	31,243	31,243	Nil	Nil
FUND BALANCES, end of year	$ (732,757)	$ 98,055	$ 830,812	$ 31,243

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Customer charges	$ 924,314	$ 903,126
Installation charges	11,103	16,525
Penalties	23,315	21,933
Miscellaneous	452	676
Recovery of bad debts	-	1,063
Total operating revenues	959,184	943,323
OPERATING EXPENSES		
Salaries	122,804	121,931
Employee benefits	39,684	38,049
Contractual services	72,905	103,479
Repairs, maintenance and other contractual services	21,059	18,777
Communications	2,907	2,906
Liability and property insurance	6,557	9,296
Travel and training	335	1,110
Supplies and materials	43,787	57,414
Utilities	89,686	82,662
Vehicle gasoline	12,979	12,025
Depreciation	277,150	269,425
Other expenses	5,025	2,822
Total operating expenses	694,878	719,896
NET INCOME FROM OPERATIONS	264,306	223,427
NONOPERATING REVENUES (EXPENSES)		
GEFA loan fees	-	(1,500)
Interest earned	21	16
Interest expense	(61,551)	(63,101)
Total nonoperating revenues (expenses)	(61,530)	(64,585)
INCOME (LOSS) BEFORE TRANSFERS	202,776	158,842
Capital contributions	1,198,136	63,007
Transfers out	(350,000)	(350,000)
CHANGE IN NET POSITION	1,050,912	(128,151)
NET POSITION, beginning of year (as restated)	7,313,090	7,441,241
NET POSITION, end of year	$ 8,364,002	$ 7,313,090

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 964,772	$ 911,543
Cash paid for goods and services	(300,394)	(313,862)
Cash paid to employees for services	(125,181)	(116,159)
Customer deposits received (refunded)	3,232	(1,371)
Net cash provided by operating activities	542,429	480,151
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings from other funds	302,693	(13,732)
Net transfers in (out)	(350,000)	(350,000)
Net cash used by noncapital financing activities	(47,307)	(363,732)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital - capital grants	859,771	-
Purchase of property and equipment	(1,089,685)	(16,051)
Retirement of revenue bonds	(8,953)	(8,560)
Retirement of other long-term debt	(31,529)	(22,972)
Payment of loan origination fees	-	(1,500)
Interest and fiscal charges paid	(61,669)	(63,085)
Net cash used by capital and related financing activities	(332,065)	(112,168)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	21	17
Net cash provided by investing activities	21	17
NET INCREASE IN CASH AND CASH EQUIVALENTS	163,078	4,268
CASH AND EQUIVALENTS, beginning of year	18,505	14,237
CASH AND EQUIVALENTS, end of year	$ 181,583	$ 18,505

(Continued)

CITY OF MILLEN, GEORGIA
Water and Sewer Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 264,306	$ 223,427
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Provision for losses on receivable	-	6,898
Depreciation	277,150	269,424
Decrease (increase) in operating assets:		
Accounts receivable	5,589	(38,778)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,471)	14,778
Accrued salaries	334	323
Accrued leave benefits	(2,711)	5,450
Deposits for services	3,232	(1,371)
Total adjustments	278,123	256,724
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 542,429	$ 480,151

Supplemental Disclosure of Cash Flow Information

Noncash investing and financing activities:		
Contribution of capital: Capital projects through SPLOST and CDBG Funds	$ 384,440	$ 63,007

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Customer charges	$ 716,807	$ 664,521
Installation charges	1,200	200
Penalties	18,292	16,574
Miscellaneous	692	360
Total operating revenues	736,991	681,655
OPERATING EXPENSES		
Salaries	89,771	91,421
Employee benefits	27,210	24,488
Contractual services	11,312	11,647
Repairs, maintenance and other contractual services	6,301	12,458
Gas purchases	368,011	312,769
Communications	1,813	2,246
Liability and property insurance	3,467	4,179
Travel and training	36	232
Supplies and materials	9,837	15,477
Vehicle gasoline	5,983	6,389
Depreciation	20,675	18,316
Other expenses	4,150	5,782
Total operating expenses	548,566	505,404
NET INCOME FROM OPERATIONS	188,425	176,251
NONOPERATING REVENUES (EXPENSES)		
Interest earned	6	6
Total nonoperating revenues (expenses)	6	6
INCOME (LOSS) BEFORE TRANSFERS	188,431	176,257
Transfers out	(188,563)	(193,366)
CHANGE IN NET POSITION	(132)	(17,109)
NET POSITION, beginning of year	319,707	336,816
NET POSITION, end of year	$ 319,575	$ 319,707

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 745,892	$ 702,304
Cash paid for goods and services	(464,432)	(394,022)
Cash paid to employees for services	(88,395)	(93,120)
Customer deposits received (refunded)	619	538
Net cash provided by operating activities	193,684	215,700
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(188,563)	(193,366)
Net cash used by noncapital financing activities	(188,563)	(193,366)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(2,755,939)	(22,970)
Proceeds from issuance of long-term debt	3,500,000	-
Net cash provided (used) by capital and related financing activities	744,061	(22,970)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest earned	6	6
Net cash provided by investing activities	6	6
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	749,188	(630)
CASH AND EQUIVALENTS, beginning of year	5,069	5,699
CASH AND EQUIVALENTS, end of year	$ 754,257	$ 5,069

(Continued)

CITY OF MILLEN, GEORGIA
Gas Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 188,425	$ 176,251
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	20,675	18,316
Decrease (increase) in operating assets:		
Accounts receivable	8,900	20,650
Increase (decrease) in operating liabilities:		
Accounts payable	(27,074)	1,023
Accrued salaries	70	(418)
Accrued leave benefits	1,306	(1,281)
Accrued sales tax	(776)	1,257
Deposits for services	619	538
Crisis Intervention Fund	1,539	(636)
Total adjustments	5,259	39,449
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 193,684	$ 215,700
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Property and equipment purchased/constructed on open account	$ 223,854	$ Nil

CITY OF MILLEN, GEORGIA
Solid Waste Fund
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Customer charges	$ 437,451	$ 431,733
Penalties	11,040	10,465
Total operating revenues	448,491	442,198
OPERATING EXPENSES		
Salaries	83,655	89,124
Employee benefits	32,666	28,294
Contractual services	30	-
Repairs, maintenance and other contractual services	11,581	8,675
Communications	402	355
Liability and property insurance	2,037	2,688
Supplies and materials	18,191	17,387
Vehicle gasoline	30,896	25,746
Depreciation	13,348	19,694
Other expenses	13,942	13,129
Total operating expenses	206,748	205,092
NET INCOME FROM OPERATIONS	241,743	237,106
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on sale of assets	-	3,750
Total nonoperating revenues (expenses)	Nil	3,750
INCOME (LOSS) BEFORE TRANSFERS	241,743	240,856
Transfers out	(254,765)	(269,907)
CHANGE IN NET POSITION	(13,022)	(29,051)
NET POSITION, beginning of year	131,771	160,822
NET POSITION, end of year	$ 118,749	$ 131,771

CITY OF MILLEN, GEORGIA
Solid Waste Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 444,188	$ 451,489
Cash paid for goods and services	(108,159)	(96,528)
Cash paid to employees for services	(81,264)	(88,804)
Net cash provided by operating activities	254,765	266,157
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers in (out)	(254,765)	(269,907)
Net cash used by noncapital financing activities	(254,765)	(269,907)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of property and equipment	-	3,750
Net cash provided by capital and related financing activities	Nil	3,750
NET INCREASE IN CASH AND CASH EQUIVALENTS	Nil	Nil
CASH AND EQUIVALENTS, beginning of year	Nil	Nil
CASH AND EQUIVALENTS, end of year	$ Nil	$ Nil
Reconciliation of net income to net cash provided by operating activities:		
NET INCOME FROM OPERATIONS	$ 241,743	$ 237,106
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	13,349	19,694
Decrease (increase) in operating assets:		
Accounts receivable	(4,303)	9,291
Increase (decrease) in operating liabilities:		
Accounts payable	1,585	(254)
Accrued salaries	800	(61)
Accrued leave benefits	1,591	381
Total adjustments	13,022	29,051
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 254,765	$ 266,157

OTHER REPORTS

REDDICK, RIGGS
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

INDEPENDENT AUDITORS' 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*

Mayor and City Council
City of Millen, Georgia
Millen, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Millen, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 12, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Millen, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Millen, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Millen, Georgia's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding 2014-1 and 2014-2 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Millen, 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 test 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 Findings 2012-1 through 2012-3.

City of Millen, Georgia's Response to Findings

The City of Millen, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Millen, 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.

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
January 12, 2015

REDDICK, RIGGS
HUNTER AND KENNEDY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TERRELL T. REDDICK
1947-2005
JAMES S. RIGGS
PATRICIA H. HUNTER
J. BRIAN KENNEDY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Millen, Georgia
Millen, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Millen, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Millen, Georgia's major federal programs for the year ended June 30, 2014. The City of Millen, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Millen, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Reddick, Riggs, Hunter and Kennedy, P. C.

Statesboro, Georgia
January 12, 2015

CITY OF MILLEN, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Commerce			
Direct programs:			
Investments for Public Works and Economic Development Facilities	11.300		813,696
Total			$ 813,696
U. S. Department of Housing and Urban Development			
Pass-through programs from:			
Georgia Department of Community Affairs			
States-Administered CDBG Cluster			
Community Development Block Grant	14.228	12p-x-082-02-5529	286,072
Total			286,072
Total expenditures of federal awards			$ 1,099,768

NOTE A - BASIS OF PRESENTATION

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

CITY OF MILLEN, GEORGIA
Schedule of Findings and Questioned Costs
June 30, 2014

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None noted
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with Circular A-133, Section 510(a)?	No
Identification of major programs:	

CFDA Number	Name of Federal Program or Cluster
11300	Investments for Public Works and Economic Development Facilities

Threshold used for distinguishing between Type A and B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

Financial Statements

Finding 2014 - 001:*

Criteria:	A strong system of internal controls requires receipt numbers to be on all receipts issued.
Condition:	During the year ended June 30, 2014, we noted several instances where receipts are being printed incorrectly.
Context:	We noted a number of cash receipts which did not have a cash receipt number printed on them, making it very difficult to trace these receipts to the appropriate journals.
Cause:	It appears that the City's printer layout must be manually changed each day in order to correctly print receipt numbers. If the cashier fails to change the setting, receipts are printed in the wrong format, causing this problem.
Effect:	The receipts are being printed without a receipt number.
Recommendation:	We recommend that the importance of following this procedure be emphasized with cashiers to ensure receipts are being printed correctly to include the receipt number.
Comments:	Management agrees with the finding.

Schedule of Findings and Questioned Costs (continued)

Finding 2014 - 002:

Criteria:	A strong system of internal controls includes the accurate preparation and review of tax filings.
Condition:	During the year ended June 30, 2014, we noted instances where the sales tax report was filed consistently using incorrect information from the billing system.
Context:	The cumulative result of using the incorrect information was that over the course of the year, $8,022 was remitted to the state of Georgia in excess of sales taxes collected from customers.
Cause:	It appears that the error was due to a misunderstanding on the part of personnel as to which reports generated from the new software should be used to report exempt sales.
Effect:	Sales taxes were overpaid for several months of the year in the cumulative amount of $8,022.
Recommendation:	We recommend that personnel responsible for filing sales tax reports compare the total taxes reported on the monthly report to taxes billed on the billing register. We also recommend that additional training be provided on the interpretation of the reports generated from the billing system to prevent this type of error from happening in the future.
Comments:	Management agrees with the finding.

Finding 2014 - 003:

Criteria:	State law requires municipalities to annually adopt a balanced budget for all funds. Once adopted, these budgets act as legal spending authorizations or appropriation limits.
Condition:	While the City did not exceed its overall budget for the year ended June 30, 2014, the street department of the City expended amounts which exceeded appropriations.
Context:	Total street expenditures exceeded the budget by $26,260.
Cause:	Amounts expended under the City's LMIG program were incorrectly coded to the revenue account.
Effect:	Because the expenditures were netted against the LMIG revenues received, expenditures were understated, and therefore not considered in adopting the City's amended budget for the year.
Recommendation:	We recommend that in future years, all expenditures be recorded to the appropriate expenditure account to accurately reflect the City's spending for budget comparison reporting.
Comments:	Management agrees with the finding.

Federal Awards

None Noted

CITY OF MILLEN, GEORGIA
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2014

Project	Original Estimated Cost	Estimated Cost	Prior Years	Current Year	Total
SPLOST V					
Administrative capital (capital lease)	$ 100,000	$ 107,564	$ 107,564	$ -	$ 107,564
Water tank	420,000	199,814	199,814	-	199,814
Water and sewer capital	420,000	845,810	733,305	98,369	831,674
Public safety capital	200,000	123,892	75,107	48,785	123,892
Street department capital	435,000	835,303	789,644	31,522	821,166
Total	$ 1,575,000	$ 2,112,383	$ 1,905,434	$ 178,676	$ 2,084,110
SPLOST VI					
Administrative capital (capital lease)	115,263	115,263	-	-	-
Public safety equipment	282,237	282,237	-	-	-
Public works equipment	300,000	300,000	-	-	-
Utility improvements	300,000	300,000	-	-	-
Total	$ 997,500	$ 997,500	$ Nil	$ Nil	$ Nil