CITY OF MONTEZUMA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

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FINANCIAL SECTION

BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

May 28, 2015

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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 Montezuma, Georgia (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 11) and the Schedule of Funding Progress for the Retirement Plan (on page 45) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects undertaken with special sales tax proceeds, the project costs schedules for the community development block grants and schedules and supplementary data schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and supplementary data schedules, the schedule of projects undertaken with special sales tax proceeds, and the project cost schedules for the community development block grants are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of the projects of the City of Montezuma, Georgia, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. The accompanying schedule of the projects undertaken with special sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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 our report dated May 28, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Butler, Williams & Hyche, LLP

Macon, GA

As the City Clerk of the City of Montezuma, I offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Montezuma for the fiscal year ended September 30, 2014.

Financial Highlights

- The net position at the government-wide level decreased by $15 thousand; the increase in the governmental activities was $130 thousand and the decrease in the business-type activities was $145 thousand. The prior year increase in the government-wide net position was $928 thousand.
- The assets of the City of Montezuma exceeded its liabilities at the fiscal year ended September 30, 2014 by approximately $10.26 million (net position). The governmental activities reflect $1.08 million in unrestricted net position that may be used to meet the City's ongoing obligations to citizens including the purchase of capital equipment.
- As of the close of the fiscal year 2014, Montezuma's governmental funds reported a combined ending fund balance of approximately $ 1.71 million, an increase of approximately $298 thousand from the prior fiscal year. Approximately 41% of the total combined fund balance is unassigned and is therefore available for spending at the City's discretion.
- At the end of the Fiscal Year 2014, unassigned fund balance for the general fund was approximately $695 thousand or 35% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Montezuma's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information, in addition to the basic statements themselves.

The Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over

time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during fiscal year 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expense are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities such as the general fund) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities such as the water fund). The governmental activities of the City include: General Government, Judicial, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Housing and Development, and Economic Development. The business-type activities of the City include: Water System, Sewer System, Solid Waste Collection, Airport, Fire and Emergency and Stormwater.

The government-wide financial statements include not only the City itself, but also the *Downtown Development Authority* financial information. This *component unit* is reported separately from the financial information presented for the primary City government itself.

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Montezuma, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds:

- Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, one may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental activities and governmental funds.

  The City of Montezuma maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the 2011-2016 SPLOST Fund, all of which are considered to be major funds. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements located after the notes to the financial statements.

  The City of Montezuma adopts an annual departmental budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund funds to demonstrate compliance with their budgets.

- Proprietary Funds: The City of Montezuma maintains seven proprietary funds - six enterprise funds and one internal service fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses Enterprise Funds to account for its water, sewer, solid waste, airport, fire and emergency and stormwater activity. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self funded health insurance program for its employees and the City of Oglethorpe.

- Notes to the Financial Statements: The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 27 through 44 of this report.

- Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 45 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Montezuma, assets exceeded liabilities by approximately $ 10.26 million at the close of the fiscal year on September 30, 2014. A significant portion of the City's net position (95%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress), less any related debt used to acquire those capital assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a condensed version of the City's Statement of Net Position:

	Governmental Activities		Primary Government Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
ASSETS						
Current and Other Assets	$1,748,433	$2,117,376	$ (247,385)	$ (734,324)	$ 1,501,048	$ 1,383,052
Capital Assets (net of accumulated depreciation)	3,677,284	3,642,736	8,557,059	8,520,970	12,234,343	12,163,706
Total Assets	$5,425,717	$5,760,112	$8,309,674	$7,786,646	$13,735,391	$13,546,758
LIABILITIES						
Long Term Liabilities	$ 187,343	$ 329,114	$2,142,430	$1,828,174	$ 2,329,773	$ 2,157,288
Other Liabilities	398,595	456,691	732,992	669,331	1,131,587	1,126,022
Total Liabilities	$ 585,938	$ 785,805	$2,875,422	$2,497,505	$ 3,461,360	$ 3,283,310
NET POSITION						
Invested in Capital Assets (net of related debt)	$3,643,220	$3,277,071	$6,141,369	$6,486,281	$ 9,784,589	$ 9,763,352
Restricted for Loans, Capital Improvements and TSPLOST	495,931	613,627	-	-	495,931	613,627
Unrestricted	700,628	1,083,609	(707,117)	(1,197,140)	(6,489)	(113,531)
Total Net Position	$4,839,779	$4,974,307	$5,434,252	$5,289,141	$10,274,031	$10,263,448

A portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The unrestricted governmental net position of approximately $1.08 million may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of fiscal year 2014, the City is reporting positive net position in the governmental and business-type activities. The same situation held true in the prior fiscal year.

The City's net position decreased by approximately $15 thousand during fiscal year 2014 as discussed below. The City's unrestricted net position as of September 30, 2014 is a deficit of $114 thousand.

(This section intentionally left blank)

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues:						
Charges for Services	$ 139,227	$ 178,677	$ 2,283,703	$ 1,866,178	$ 2,422,930	$ 2,044,855
Operating Grants	12,959	15,550	8,831	5,000	21,790	20,550
Capital Grants	902,192	348,596	450,321	385,237	1,352,513	733,833
General:						
Taxes	1,593,031	1,548,734	-	-	1,593,031	1,548,734
Other	30,325	37,556	39,493	53,403	69,818	90,959
Total Revenues	2,677,734	2,129,113	2,782,348	2,309,818	5,460,082	4,438,931
Expenses:						
General government	633,772	660,455	-	-	633,772	660,455
Judicial	42,410	44,306	-	-	42,410	44,306
Public Safety	809,059	787,786	-	-	809,059	787,786
Public Works	446,542	467,183	-	-	446,542	467,183
Health & Welfare	23,782	9,703	-	-	23,782	9,703
Culture & Recreation	204,007	204,957	-	-	204,007	204,957
Housing & Development	9,381	11,399	-	-	9,381	11,399
Economic Development	19,288	5,095	-	-	19,288	5,095
Interest on Long-Term Debt	1,548	997	-	-	1,548	997
Water	-	-	481,457	502,260	481,457	502,260
Sewer	-	-	853,868	842,105	853,868	842,105
Solid Waste	-	-	514,232	394,496	514,232	394,496
Airport	-	-	21,787	22,174	21,787	22,174
Fire & Emergency	-	-	405,262	405,798	405,262	405,798
Stormwater	-	-	65,574	94,972	65,574	94,972
Total Expenses	2,189,789	2,191,881	2,342,181	2,261,805	4,531,970	4,453,686
Excess (Deficiency)	487,945	(62,768)	440,167	48,013	928,112	(14,755)
Transfers	(1,023,543)	(186,222)	1,023,543	186,222	-	-
Indirect Cost Allocation	336,743	379,348	(336,743)	(379,348)	-	-
Change in Net Position	(198,855)	130,358	1,126,967	(145,113)	928,112	(14,755)
Beginning Net Position	5,038,634	4,843,949	4,307,287	5,434,254	9,345,921	10,278,203
Ending Net Position	$ 4,839,779	$4,974,307	$5,434,252	$5,289,141	$10,274,033	$10,263,448

Governmental activities. Governmental activities increased the City's net position by approximately $130 thousand. The governmental activities transferred $186 thousand to the business-type activities; had these transfers not been made, the governmental activities would have reflected an increase in

net position of approximately $317 thousand. The SPLOST fund began recognizing tax revenue in the fall of 2010.

Business-type activities. Business–type activities decreased the City's net position by approximately $145 thousand (including the $186 thousand transfers from the governmental activities and $385 thousand in capital grants). The business-type activities would have yielded a decrease in net position of approximately $717 thousand had the transfers in and grants not occurred.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the fiscal year end.

As of the end of the fiscal year 2014, the City's governmental funds reported combined ending fund balances of approximately $1.71 million, an increase of approximately $298 thousand when compared with the prior year.

The General Fund is the chief operating fund of the City of Montezuma. At the end of the fiscal year 2014, unassigned fund balance of the General Fund was $695 thousand and the total fund balance was approximately $1.09 million. Unassigned fund balance represents approximately 35% of total General Fund expenditures.

The fund balance of the City's General Fund increased by $185 thousand from the prior fiscal year.

Proprietary funds. The City's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail. Unrestricted combined net position of the Water fund, Sewer Fund, Solid Waste Fund, Airport Fund, Fire and Emergency Fund and Stormwater Fund at the end of fiscal year 2014 amounted to a deficit of approximately $1.20 million. The decrease in net position for the combined enterprise funds totaled $145 thousand for the present fiscal year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to an increase in appropriations of approximately $70 thousand.

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to approximately $12.2 million (net of accumulated depreciation). This investment in capital assets includes: land, public buildings, improvements, water and wastewater plants, machinery and equipment, infrastructure and construction in progress.

Details of the City's capital assets are contained the Notes to the Financial Statements found in note III. 5. Total governmental depreciation expense was $149 thousand and total enterprise depreciation expense was $406 thousand.

Long term debt: At the end of the current fiscal year, the City had total debt payable to Georgia Environmental Facilities Authority (GEFA) of approximately $1.85 million. The City has two loans from GEFA. The City is expected to make its final payments on one of those loans in 2015.

Net pension obligation, which represents the underfunding of the annually required contributions to the defined benefit plan, totaled $350 thousand.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements section (see III. 7.).

Economic Factors and Next Year's Budget

Mayor and Council approved a millage rate of 10.5 mills for the 2014 tax digest which was collected mainly in late 2014.

The City has frozen its defined benefit plan. All eligible employees are now covered by a defined contribution plan.

Requests for information:
This financial report is designed to provide a general overview of the City of Montezuma's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to Joyce Hardy, City Clerk, 478-472-8144.

BASIC FINANCIAL STATEMENTS

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and Cash Equivalents	$ 327,612	$ 42,324	$ 369,936	$ 24,468
Accounts Receivable (net)	17,744	299,148	316,892	-
Taxes Receivable (net)	8,274	-	8,274	-
Loans Receivable (net)	353,385	-	353,385	-
Internal Balances	1,104,652	(1,104,652)	-	-
Intergovernmental Receivable	305,709	24,540	330,249	-
Restricted Assets:				
Cash	-	4,316	4,316	-
Capital Assets (not subject to depreciation)	358,037	1,224,150	1,582,187	111,770
Capital Assets (net of accumulated depreciation)	3,284,699	7,296,820	10,581,519	259,555
Total Assets	5,760,112	7,786,646	13,546,758	395,793
LIABILITIES				
Accounts Payable	95,527	158,480	254,007	-
Accrued Interest Payable	592	8,674	9,266	-
Accrued Wages Payable and Payroll Taxes	39,619	21,572	61,191	-
Accrued Compensated Absences	43,335	36,831	80,166	-
Customer Deposits	-	86,780	86,780	375
Capital Leases Payable	27,618	67,337	94,955	-
Notes Payable	250,000	289,657	539,657	-
Noncurrent Liabilities, due in one year or more:				
Net Pension Obligation	222,495	127,176	349,671	-
Accrued Compensated Absences	18,572	-	18,572	-
Capital Leases Payable	88,047	136,194	224,241	-
Notes Payable	-	1,564,804	1,564,804	-
Total Liabilities	785,805	2,497,505	3,283,310	375
NET POSITION				
Net Investments in Capital Assets	3,277,071	6,486,281	9,763,352	371,325
Restricted for:				
Capital Projects	82,934	-	82,934	-
Loans	413,542	-	413,542	-
TSPLOST	112,041	-	112,041	-
Library Endowment	4,170	-	4,170	-
Hotel Motel Tax	940	-	940	-
Unrestricted	1,083,609	(1,197,140)	(113,531)	24,093
Total Net Position	$ 4,974,307	$ 5,289,141	$ 10,263,448	$ 395,418

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 660,455	$ (379,348)	$ 22,798	$ 13,903	$ -
Judicial	44,306	-	119,854	-	-
Public Safety	787,786	-	-	-	47,489
Public Works	467,183	-	26,460	-	301,107
Health and Welfare	9,703	-	-	-	-
Culture and Recreation	204,957	-	4,862	1,647	-
Housing and Development	11,399	-	-	-	-
Economic Development	5,095	-	4,703	-	-
Interest on Long-Term Debt	997	-	-	-	-
Total Governmental Activities	2,191,881	(379,348)	178,677	15,550	348,596
Business-type Activities:					
Water	502,261	126,449	487,880	-	275,422
Sewer	842,105	126,449	742,339	-	-
Solid Waste	394,496	126,449	446,420	-	-
Airport	22,174	-	8,460	-	109,815
Fire & Emergency	405,798	-	181,079	5,000	-
Stormwater	94,972	-	-	-	-
Total Business-type Activities	2,261,805	379,348	1,866,178	5,000	385,237
Total Primary Government	$ 4,453,686	$ -	$ 2,044,855	$ 20,550	$ 733,833
Component Unit:					
Development Authority	13,764	-	-	1,165	-
Total Component Unit	$ 13,764	$ -	$ -	$ 1,165	$ -
General Revenues:					
Property Taxes					
Sales Tax					
Franchise Tax					
Insurance Premium Tax					
Alcoholic Beverage Tax					
Hotel/Motel Taxes					
Other Taxes					
Unrestricted Investment Earnings					
Miscellaneous					
Transfers					
Total General Revenues and Transfers					
Changes in Net Position					
Net Position - Beginning					
Net Position - Ending					

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-type Activities	Total		Development Authority
$ (244,406)	$ -	$ (244,406)		
75,548	-	75,548		
(740,297)	-	(740,297)		
(139,616)	-	(139,616)		
(9,703)	-	(9,703)		
(198,448)	-	(198,448)		
(11,399)	-	(11,399)		
(392)	-	(392)		
(997)	-	(997)		
(1,269,710)	-	(1,269,710)		
-	134,592	134,592		
-	(226,215)	(226,215)		
-	(74,525)	(74,525)		
-	96,101	96,101		
-	(219,719)	(219,719)		
-	(94,972)	(94,972)		
-	(384,738)	(384,738)		
(1,269,710)	(384,738)	(1,654,448)		
-	-	-	$	(12,599)
-	-	-		(12,599)
698,014	-	698,014		-
354,026	-	354,026		-
235,172	-	235,172		-
178,481	-	178,481		-
51,614	-	51,614		-
12,099	-	12,099		-
19,328	-	19,328		-
62	24	86		-
37,494	53,379	90,873		-
(186,222)	186,222	-		-
1,400,068	239,625	1,639,693		-
130,358	(145,113)	(14,755)		(12,599)
4,843,949	5,434,254	10,278,203		408,017
$ 4,974,307	$ 5,289,141	$ 10,263,448	$	395,418

CITY OF MONTEZUMA, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2014

	General Fund	2011-2016 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 111,836	$ 30,050	$ 173,577	$ 315,463
Taxes Receivable (net)	8,274	-	-	8,274
Accounts Receivable (net)	16,887	-	857	17,744
Loans Receivable (net)	-	-	353,385	353,385
Due from Other Funds	1,364,790	-	-	1,364,790
Due from Other Governments	87,907	77,986	5,346	171,239
Advances to Other Funds	398,733	-	-	398,733
Total Assets	$ 1,988,427	$ 108,036	$ 533,165	$ 2,629,628
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and Contracts Payable	$ 46,553	$ -	$ -	$ 46,553
Accrued Wages and Payroll Taxes Payable	39,619	-	-	39,619
Due to Other Funds	556,202	-	2,472	558,674
Escrowed Funds	2,552	-	-	2,552
Tax Anticipation Note	250,000	-	-	250,000
Total Liabilities	894,926	-	2,472	897,398
Deferred Inflows of Resources - Unavailable Tax Revenue	-	25,102	-	25,102
Total Liabilities and Deferred Inflows of Resources	894,926	25,102	2,472	922,500
Fund Balances:				
Nonspendable:				
Advances to Other Funds	398,733	-	-	398,733
Noncurrent Loans Receivable	-	-	353,385	353,385
Restricted for:				
Capital Projects	-	82,934	-	82,934
Loans	-	-	60,157	60,157
TSPLOST	-	-	112,041	112,041
Library Endowment	-	-	4,170	4,170
Hotel Motel	-	-	940	940
Unassigned	694,768	-	-	694,768
Total Fund Balances	1,093,501	82,934	530,693	1,707,128
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,988,427	$ 108,036	$ 533,165	$ 2,629,628

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2014

Total Fund Balances for Governmental Funds	$	1,707,128
Total Net Position for Governmental Activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,642,736
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund-level statements.		25,102
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.		
Capital Leases		(115,665)
Accrued Interest on Capital Leases		(592)
Net Pension Obligation		(222,495)
Compensated Absences		(61,907)
Total Net Position of Governmental Activities	$	4,974,307

The notes to the financial statements are an integral part of this statement.

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

	General Fund	2011-2016 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,472,714	$ -	$ 76,020	$ 1,548,734
Licenses and Permits	21,630	-	-	21,630
Intergovernmental	52,340	309,798	-	362,138
Charges for Services	396,084	-	-	396,084
Fines and Forfeitures	120,478	-	-	120,478
Investment Income	21	5	4,703	4,729
Miscellaneous	52,071	-	2,236	54,307
Total Revenues	$ 2,115,338	$ 309,803	$ 82,959	$ 2,508,100
EXPENDITURES				
Current:				
General Government	$ 617,101	$ -	$ -	$ 617,101
Judicial	43,492	-	-	43,492
Public Safety	722,274	-	-	722,274
Public Works	409,822	-	-	409,822
Health and Welfare	9,703	-	-	9,703
Culture and Recreation	177,483	-	-	177,483
Housing and Development	11,399	-	-	11,399
Economic Development	-	-	5,095	5,095
Debt Service:				
Principal Reduction	-	34,064	-	34,064
Interest	-	1,011	-	1,011
Capital Outlay:				
Public Safety	-	121,309	-	121,309
Total Expenditures	1,991,274	156,384	5,095	2,152,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	124,064	153,419	77,864	355,347
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	13,500	-	-	13,500
Proceeds from Capital Lease	-	115,665	-	115,665
Transfers In	147,200	-	-	147,200
Transfers Out	(100,000)	(225,222)	(8,200)	(333,422)
Total Other Financing Sources (Uses)	60,700	(109,557)	(8,200)	(57,057)
Net Change in Fund Balances	184,764	43,862	69,664	298,290
Fund Balances - Beginning of Year	908,737	39,072	461,029	1,408,838
Fund Balances - End of Year	$ 1,093,501	$ 82,934	$ 530,693	$ 1,707,128

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net Change in Fund Balance - Total Governmental Funds	$	298,290
Total Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation		
Depreciation Expense		(149,276)
Capital Outlay		128,228
Governmental funds report the full proceeds from the sale of assets while the Statement of Activities reports only the gain or loss from the sale		(13,500)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Fiscal Year 2014 Deferred Revenues Ending Balance		25,102
Fiscal Year 2013 Deferred Revenues Ending Balance		(24,740)
Net pension obligation was recognized as an expense in the Statement of Activities. These expenses were not recognized in the governmental funds.		(54,396)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources in governmental funds. Neither transaction has any effect on net position.		
Principal Payments		34,064
Capital Leases		(115,665)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:		
Accrued Interest on Capital Leases		12
Compensated Absences		2,239
Change in Net Position of Governmental Activities	$	130,358

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,441,159	$ 1,472,159	$ 1,472,714	$ 555
Licenses and Permits	19,376	22,958	21,630	(1,328)
Intergovernmental	12,000	51,463	52,340	877
Charges for Services	387,123	387,123	396,084	8,961
Fines and Forfeitures	105,100	105,100	120,478	15,378
Investment Income	-	-	21	21
Miscellaneous	30,000	30,000	52,071	22,071
Total Revenues	1,994,758	2,068,803	2,115,338	46,535
EXPENDITURES				
Current:				
General Government:				
Mayor and Council	104,708	104,708	91,591	(13,117)
Board of Elections	11,000	11,000	5,513	(5,487)
Administration	397,570	446,532	446,532	-
Public Buildings	67,500	73,465	73,465	-
Total General Government	580,778	635,705	617,101	(18,604)
Judicial:				
Municipal Court	40,635	43,492	43,492	-
Total Judicial	40,635	43,492	43,492	-
Public Safety:				
Police	704,550	715,325	715,325	-
Animal Control	12,704	12,704	6,949	(5,755)
Total Public Safety	717,254	728,029	722,274	(5,755)
Public Works:				
Streets	310,630	310,630	303,055	(7,575)
Cemetery	124,956	124,956	106,767	(18,189)
Total Public Works	435,586	435,586	409,822	(25,764)
Health and Welfare:				
Mosquito Control	21,091	21,091	9,703	(11,388)
Total Health and Welfare	21,091	21,091	9,703	(11,388)

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued):				
Current (Continued):				
Culture and Recreation:				
Parks	53,344	53,344	49,826	(3,518)
Library	146,354	146,354	127,657	(18,697)
Total Culture and Recreation	199,698	199,698	177,483	(22,215)
Housing and Development:				
Building Inspection	9,475	11,379	11,379	(0)
Planning and Zoning	800	800	-	(800)
Code Enforcement	850	850	20	(830)
Total Housing and Development	11,125	13,029	11,399	(1,630)
Economic Development:				
Total Economic Development	23,000	23,000	-	(23,000)
Total Expenditures	2,029,167	2,099,630	1,991,274	(108,356)
(Deficiency) of Revenues (Under) Expenditures	(34,409)	(30,827)	124,064	154,891
OTHER FINANCING SOURCES				
Sales of Capital Assets	-	-	13,500	13,500
Transfers In	204,000	204,000	147,200	(56,800)
Transfers Out	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources	104,000	104,000	60,700	(43,300)
Net Change in Fund Balance	69,591	73,173	184,764	111,591
Fund Balance - Beginning of Year	908,737	908,737	908,737	-
Fund Balance - End of Year	$ 978,328	$ 981,910	$ 1,093,501	$ 111,591

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

ASSETS	**Water Fund**	**Sewer Fund**	**Solid Waste Fund**	**Airport**
Current Assets:				
Cash and Cash Equivalents	$ 12,534	$ 20,250	$ 1,847	$ 1,174
Accounts Receivable (net)	75,872	117,074	86,147	-
Due from Other Funds	630,064	21,735	51,158	-
Intergovernmental Receivable	24,541	-	-	-
Restricted Assets:				
Cash	4,316	-	-	-
Total Current Assets	747,327	159,059	139,152	1,174
Long-term Assets:				
Capital Assets not subject to depreciation	1,707	803,008	-	419,435
Property, Plant & Equipment (net)	1,250,817	4,821,450	286,174	253,748
Total Assets	$ 1,999,851	$ 5,783,517	$ 425,326	$ 674,357
LIABILITIES				
Current Liabilities:				
Accounts and Contracts Payable	$ 66,628	$ 22,785	$ 13,711	$ 4,770
Accrued Interest	662	4,950	3,062	-
Accrued Wages and Payroll Taxes	1,876	2,438	1,557	-
Compensated Absences Payable	8,775	14,329	13,727	-
Due to Other Funds	132,779	597,634	499,078	118,942
Customer Deposits - Restricted Assets	86,780	-	-	-
Notes Payable	-	289,657	-	-
Capital Leases Payable	11,456	13,146	31,118	-
Total Current Liabilities	308,956	944,939	562,253	123,712
Long-term Liabilities:				
Advance from Other Funds	-	-	398,733	-
Net Pension Obligation	35,512	41,112	26,570	-
Notes Payable	-	1,564,804	-	-
Capital Leases Payable	11,847	13,631	98,738	-
Total Liabilities	356,315	2,564,486	1,086,294	123,712
NET POSITION				
Net Investment in Capital Assets	1,252,524	3,743,220	156,318	673,183
Unrestricted	391,012	(524,189)	(817,286)	(122,538)
Total Net Position	1,643,536	3,219,031	(660,968)	550,645
Total Liabilities and Net Position	$ 1,999,851	$ 5,783,517	$ 425,326	$ 674,357

The notes to the financial statements are an integral part of this statement.

Fire & Emergency	Stormwater	Total Enterprise Funds	Internal Service Fund
$ 6,519	$ -	$ 42,324	$ 12,149
20,055	-	299,148	-
153,950	160,546	1,017,453	56,590
-	-	24,541	134,470
-	-	4,316	-
180,524	160,546	1,387,782	203,209
-	-	1,224,150	-
286,502	398,129	7,296,820	-
$ 467,026	$ 558,675	$ 9,908,752	$ 203,209
$ 47,505	$ 3,081	$ 158,480	$ 46,422
-	-	8,674	-
14,799	902	21,572	-
-	-	36,831	-
261,190	113,750	1,723,373	156,787
-	-	86,780	-
-	-	289,657	-
11,617	-	67,337	-
335,111	117,733	2,392,704	203,209
-	-	398,733	-
23,982	-	127,176	-
-	-	1,564,804	-
11,978	-	136,194	-
371,071	117,733	4,619,611	203,209
262,907	398,129	6,486,281	-
(166,952)	42,813	(1,197,140)	-
95,955	440,942	5,289,141	-
$ 467,026	$ 558,675	$ 9,908,752	$ 203,209

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2014

	Water Fund	Sewer Fund	Solid Waste Fund	Airport
OPERATING REVENUES				
Metered Sales	$ 475,277	$ -	$ -	$ -
Charges for Services	12,603	742,339	446,420	8,460
Total Operating Revenues	487,880	742,339	446,420	8,460
OPERATING EXPENSES				
Personal Services	224,892	271,712	284,849	-
Purchased / Contracted Services	226,188	164,843	94,326	5,571
Supplies	36,291	80,251	54,210	4,121
Heat, Light and Power	48,914	175,650	-	1,370
Depreciation	49,402	207,877	80,135	11,112
Total Operating Expenses	585,687	900,333	513,520	22,174
Operating Income (Loss)	(97,807)	(157,994)	(67,100)	(13,714)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	-
Interest Revenues	7	12	5	-
Miscellaneous Revenue	33,285	14,200	-	-
Interest Expense	(858)	(47,810)	(3,818)	-
Other Costs	(42,165)	(12,546)	(3,607)	-
Amortization of Bond Issue Costs	-	(7,865)	-	-
Total Nonoperating Revenues	(9,731)	(54,009)	(7,420)	-
Income before Contributions and and Transfers	(107,538)	(212,003)	(74,520)	(13,714)
Capital Contributions	275,422	-	-	109,815
Transfers In	12,251	165,827	34,793	-
Transfers Out	-	(233,972)	-	-
Changes in Net Position	180,135	(280,148)	(39,727)	96,101
Net Position - Beginning	1,463,401	3,499,179	(621,241)	454,544
Net Position - Ending	$ 1,643,536	$ 3,219,031	$ (660,968)	$ 550,645

The notes to the financial statements are an integral part of this statement.

Fire & Emergency	Stormwater	Total Enterprise Funds	Internal Service Fund
$ -	$ -	$ 475,277	$ -
181,079	-	1,390,901	428,538
181,079	-	1,866,178	428,538
309,297	48,131	1,138,881	-
32,019	14,350	537,297	428,538
30,844	7,416	213,133	-
-	-	225,934	-
32,554	25,075	406,155	-
404,714	94,972	2,521,400	428,538
(223,635)	(94,972)	(655,222)	-
5,000	-	5,000	-
-	-	24	-
5,897	-	53,382	-
(1,084)	-	(53,570)	-
-	-	(58,318)	-
-	-	(7,865)	-
9,813	-	(61,347)	-
(213,822)	(94,972)	(716,569)	-
-	-	385,237	-
112,351	94,972	420,194	-
-	-	(233,972)	-
(101,471)	-	(145,110)	-
197,426	440,942	5,434,251	-
$ 95,955	$ 440,942	$ 5,289,141	$ -

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2014

	Water Fund	Sewer Fund	Solid Waste Fund	Airport Fund
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 494,330	$ 759,171	$ 440,444	$ 8,460
Cash Received from Interfund and Outside Services Provided	-	-	-	-
Cash Payments for Interfund Services Used	(126,449)	(126,449)	(126,449)	-
Cash Payments to Suppliers	(390,687)	(407,187)	(155,164)	(6,680)
Cash Payments to Employees	(111,061)	(146,934)	(162,608)	-
Net Cash Provided by (Required for) Operating Activities	(133,867)	78,601	(3,777)	1,780
Cash Flows from Noncapital Financing Activities:				
Interfund Balances	65,392	315,484	(252)	(22,045)
Transfer from (to) Other Funds	-	(233,972)	-	-
Net Cash provided by (Required for) Noncapital and Related Financing Activities	65,392	81,512	(252)	(22,045)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(239,045)	(11,320)	-	(119,700)
Principal and Interest Paid on Notes	-	(324,658)	-	-
Principal and Interest Paid on Capital Leases	(11,937)	(28,537)	-	-
Transfers from SPLOST	12,251	165,827	-	-
Capital Grants	275,422	-	-	109,815
Net Cash Flows (Required for) Capital and Related Financing Activities	36,691	(198,688)	-	(9,885)
Cash Flows from Investing Activities:				
Other Income	33,283	14,198	-	-
Interest on Investments	7	12	5	-
Net Cash Provided by Investing Activities	33,290	14,210	5	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,506	(24,365)	(4,024)	(30,150)
Cash and Equivalents at Beginning of Year	15,344	44,615	5,871	31,324
Cash and Equivalents at End of Year	$ 16,850	$ 20,250	$ 1,847	$ 1,174
Reconciliation of Operating (Loss) to Net Cash Provided from Operating Activities:				
Operating Income (Loss)	$ (97,807)	$ (157,994)	$ (67,100)	$ (13,714)
Adjustments to Reconcile Operating (Loss) to Net Cash (Required for) Operating Activities:				
Depreciation and Amortization	49,402	207,877	80,135	11,112
(Increase) Decrease in Accounts Receivable	(34,501)	2,033	(19,658)	-
(Increase) Decrease in Intergovernmental Receivable	17,459	-	-	-
Decrease in Due from Other Governments	-	-	-	-
Increase (Decrease) in Accounts Payable	(79,294)	13,557	(6,628)	4,382
Increase (Decrease) in Interest Payable	(315)	-	-	-
Increase (Decrease) in Wages Payable	(2,905)	(1,671)	(4,207)	-
Increase (Decrease) in Annual Leave	(6,286)	7,028	4,939	-
Increase (Decrease) in Net Pension Obligation	9,713	7,771	8,742	-
Increase in Customer Deposits	10,667	-	-	-
Net Cash Provided by (Required for) Operating Activities	$ (133,867)	$ 78,601	$ (3,777)	$ 1,780

The notes to the financial statements are an integral part of this statement.

Fire & Emergency	Stormwater	Total Enterprise Funds	Internal Service Fund
$ 194,990	$ -	$ 1,897,395	$ 99,173
-	-	-	309,572
-	-	(379,348)	-
(58,434)	(19,109)	(1,037,261)	(380,031)
(304,868)	(49,392)	(774,862)	-
(168,312)	(68,501)	(294,076)	28,714
60,345	(26,684)	358,579	(22,170)
112,351	94,972	(121,621)	-
172,696	68,288	236,958	(22,170)
-	-	(370,065)	-
-	-	(324,658)	-
(12,351)	-	(52,825)	-
-	-	178,078	-
5,000	-	385,237	-
(7,351)	-	(184,233)	-
5,897	-	47,481	-
-	-	24	-
5,897	-	47,505	-
2,930	(213)	(54,316)	6,544
3,589	213	100,956	5,605
$ 6,519	$ -	$ 46,640	$ 12,149
$ (223,635)	$ (94,972)	$ (655,222)	$ -
32,554	25,075	406,155	-
8,868	-	(43,258)	1,853
-	-	17,459	-
-	-	-	(4,833)
4,429	2,657	(60,897)	31,694
-	(1,261)	(1,576)	-
(7,041)	-	(15,824)	-
-	-	5,681	-
16,513	-	42,739	-
-	-	10,667	-
$ (168,312)	$ (68,501)	$ (294,076)	$ 28,714

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

The City of Montezuma is a political subdivision of the State of Georgia. It operates under an elected Mayor-Council form of government. As required by generally accepted accounting principles, these financial statements present all the fund types of the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations; therefore, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

Discretely Presented Component Unit.

The Montezuma Downtown Development Authority (the Authority) was created to revitalize and redevelop the urban, central city, and downtown areas of the City of Montezuma. The Authority's board members are appointed by the Mayor and City Council of the City of Montezuma. Separate financial statements for the Montezuma Downtown Development Authority are not prepared.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position, 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 (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component unit. The primary government and the discretely presented component unit are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. Individual funds are not displayed. These Statements distinguish between the governmental and business-type activities of the City. The Statements distinguish between governmental activities, generally supported by taxes, inter-governmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In the government-wide Statement of Net Position, both the governmental and business-type activities' columns are presented on a consolidated basis, by column. They are reflected on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and, (3) capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. To identify which functional program a revenue pertains to, the determining factor for *charges for services* is that function which *generates* the revenue; and for *grants and contributions*, the determining factor is that function to which the revenue is restricted. Taxes and other revenue sources, not properly included with program revenues, are reported as general revenues. 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. The City allocates indirect expenses based on time studies. The allocation is adjusted annually based on the amount of time and resources utilized by the enterprise funds; the indirect expenses are allocated from the general fund to the enterprise funds receiving services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements.

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. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor 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 following two funds are the City's major governmental funds:

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

The 2011-2016 SPLOST Fund is used to account for the cost of acquiring capital equipment and payment of capital related debt with proceeds from a special one percent sales tax.

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City has seven proprietary funds. All of the proprietary funds are shown as major funds.

The Water Enterprise Fund supplies water to residents of the City of Montezuma.

The Sewer Enterprise Fund operates a sanitary sewer system throughout the City and a sewage treatment plant. Another treatment plant is operated by the fund as a holding and/or pretreatment area.

The Solid Waste Enterprise Fund operates a garbage collection service for the citizens of the City of Montezuma.

The Airport Enterprise Fund is involved in the expansion of the City of Montezuma's municipal airport and the City collects lease payments for hangars.

The Fire and Emergency Fund is used to account for fire services provided to citizens of the City of Montezuma.

The Stormwater Fund is used to account for stormwater services provide to citizens of the City of Montezuma.

The Internal Service Fund is used to provide health benefits to the employees of both the City of Montezuma and the City of Oglethorpe, Georgia.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from transactions not associated with the principal activity of the fund.

Governmental Funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both "measurable" and "available." "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, which are recognized when all eligibility requirements have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Expenditures generally are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all susceptible to accrual and have been recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City uses the following governmental fund types:

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable to proprietary funds are similar to those used by businesses in the private sector.

Internal Service Funds.

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City's internal service fund provides a majority of its service to the City's Proprietary Funds and is, therefore, treated as a proprietary fund in the government-wide financial statements.

Reclassification.

The Library Endowment Fund was reclassified from a fiduciary fund to a special revenue fund; consequently, the opening balance of the government-wide governmental activities net position increased by $4,170, the total of the Library Endowment Fund fund balance. Likewise, the opening fund balance of the governmental funds increased by the same amount.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the 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 the 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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal 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. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenues from property taxes are recognized in the fiscal year the taxes are levied. Revenue from grants and donations is 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 specific 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 before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, and federal and state grants.

Deferred Outflows and Inflows/Unearned Revenue.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of September 30, 2014, the City reported no deferred outflows of resources.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This 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 County has only one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet and relates to unavailable special purpose sales tax monies which are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenue

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as unearned revenue.

D. Assets, Liabilities, and Equity

1. Cash and Investments.

   Cash includes amounts in demand deposit accounts as well as short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value on quoted market prices. Georgia law authorizes the City to invest in the following types of obligations:

   - Obligations of the State of Georgia or any other state(s)
   - Obligations of the United States Government
   - Obligations fully insured or guaranteed by the United States Government or Government Agency
   - Obligations of any corporation of the United States 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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Receivables.

Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes were due by December 20, 2013. The tax bills were mailed on October 20, 2013. The billings are considered past due as of December 21, 2013, at which time the applicable property is subject to lien, and penalties and interest are assessed. The tax levy was set at 10.50 mills on September 29, 2013.

All trade and property tax receivables are shown net of an allowance for uncollectibles. All balances reported as "due to/due from other funds" represent amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year-end.

3. Interfund Balances.

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds." The noncurrent portion of interfund loans is classified as "advances to other funds/advances from other funds." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between aggregate governmental and aggregate business-type activities, which are reclassified and presented as internal balances.

4. Inventory and Prepaid Items.

The costs of other governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Payments made to vendors for services that will benefit periods beyond September 30, 2014 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the corresponding services are consumed.

5. Capital Assets.

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their estimated fair value at the date of the donation.

The recorded public domain ("infrastructure") capital assets consist of those assets that were acquired since the fiscal year 2004 only. The cost of infrastructure assets that were acquired or received and substantial improvements made prior to fiscal year 2004 were not required to be, and have not been capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations.

Capital assets are reported in the financial statements net of accumulated depreciation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Lives
Vehicles and equipment	3-20 Years
Land improvements	15-30 Years
Infrastructure	15-30 Years
Plant and buildings	25-50 Years

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

6. Claims and Judgments.

   Liabilities for claims and judgments against the City, including estimated liabilities for claims incurred but not reported at year-end, have been accrued in the appropriate funds.

7. Compensated Absences.

   It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

   Vacation leave is based on the number of years of service and on a bi-weekly pay period as follows:

	Hours Per Pay Period
Employees with less than five years	3
Employees with five years or more but less than eighteen years	5
Employees with eighteen years or more	7

   The maximum amount of vacation leave that may be carried forward from one leave year to another is 240 hours except that personnel working more than a regular 40 hour week may carry forward a maximum of 336 hours. Excess vacation leave not taken by the first pay period of the new leave year will be forfeited.

8. Fund Equity.

   Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting purposes is classified as "net position."

   Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities of a fund. In the fund financial statements, fund balances are classified, where applicable, as follows:

   Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained.

   Restricted – Amounts that can be spent only for specific purposes because of the City charter, the City code, state or federal laws or externally imposed conditions by grantors or creditors.

   Committed – Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution as passed by Mayor and Council.

   Assigned – Amounts that are designated for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by Mayor and Council.

   Unassigned – All amounts not included in the other components as fund balance.

   The City's policy with respect to the use of restricted and unrestricted net position is to first apply available restricted resources toward expenses. In governmental funds, the policy is to first apply available restricted fund balances toward expenditures and then use committed and assigned fund balances before using unassigned fund balances.

   The City's policy with respect to fund balance classification is to comply with GASB 54, *Fund Balance Reporting*. The City's highest level decision-making body is Mayor and Council. Formal action required to establish, modify or rescind a committed fund balance is the budget approval process.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

Net position - Net position represents the difference between total assets and total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The remaining net position amount is reported as unrestricted.

9. Management Estimates.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting year. Actual results could differ from those estimates.

E. New Accounting Standard

GASB No. 65, *Items Previously Reported as Assets and Liabilities*, was adopted in the 2014 fiscal year. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The implementation of this statement resulted in the reclassification in the governmental fund presentation of unavailable special purpose sales tax from the liability section to deferred inflows. Also Sewer Fund debt issuance costs were expensed.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Budgets are adopted on a basis consistent with GAAP. All final budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for legally authorized revisions of the annual budget during the year. The Mayor and City Council must approve any department level changes to a previously adopted budget. Management may amend the budget without obtaining the approval of the Mayor and City Council at any level below the departmental level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding fiscal year when budget workbooks are distributed to each department. The Mayor and City Council advertise the budgets and conduct public hearings on the proposed budget in adherence to local ordinance and state law and a final budget is usually adopted by June 1.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

III. DETAILED NOTES ON ALL FUNDS

1. Cash and Cash Equivalents and Investments

The bank balances of deposits as of September 30, 2014, are entirely insured or collateralized with securities held by the City's agent in the City's name.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be recovered and returned to the government. The City limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law.

III. DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk – Investments

Credit risk is the risk that an issuer to an investment will not fulfill its obligation. As of September 30, 2014, the City had no investments.

Interest Rate Risk – Investments

In accordance with the City's investment policy, the City manages its exposure to the risk of declines in fair values by limiting the maturity of its investments to a maximum of one year. As of September 30, 2014, the City had no investments.

2. Receivables

Receivables at September 30, 2014, consist of the following:

	General Fund	Other Governmental Funds	Water Fund	Sewer Fund	Solid Waste Fund	Fire & Emergency	Internal Service Fund
Accounts Receivable	$ 16,887	$ 857	$ 174,264	$ 189,546	$ 132,923	$ 20,055	$ -
Taxes Receivable	170,414	-	-	-	-	-	-
Gross	187,301	857	174,264	189,546	132,923	20,055	-
Receivables Less Allowance For Uncollectibles	(162,140)	-	(98,392)	(72,472)	(46,776)	-	-
Net Total Receivables	$ 25,161	$ 857	$ 75,872	$ 117,074	$ 86,147	$ 20,055	$ -

Loans receivable in the Revolving Loan Fund and Flood Revolving Loan Fund consist of various loans to businesses within the City of Montezuma. Original funding was provided by the U.S. Department of Housing and Urban Development through the State of Georgia's Department of Community Affairs.

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III. DETAILED NOTES ON ALL FUNDS (Continued)

3. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount	Expected to be Repaid in Subsequent Year
General Fund	Flood Revolving Loan Fund	$ 222	Yes
General Fund	Regular Revolving Loan Fund	2,000	Yes
General Fund	TSPLOST Fund	250	Yes
General Fund	Sewer Fund	264,480	No
General Fund	Solid Waste Fund	479,336	No
General Fund	Airport Fund	105,942	No
General Fund	Fire and Emergency Fund	261,120	No
General Fund	Stormwater Fund	113,750	No
General Fund	Self Insurance Fund	137,690	No
Water Fund	General Fund	452,070	No
Water Fund	Sewer Fund	149,478	No
Water Fund	Solid Waste Fund	516	Yes
Water Fund	Airport Fund	13,000	Yes
Water Fund	Self Insurance Fund	15,000	Yes
Sewer Fund	Water Fund	20,045	Yes
Sewer Fund	Solid Waste Fund	85	Yes
Sewer Fund	General Fund	1,605	Yes
Solid Waste Fund	General Fund	3,670	Yes
Solid Waste Fund	Water Fund	46,734	No
Solid Waste Fund	Sewer Fund	684	Yes
Solid Waste Fund	Fire and Emergency Fund	70	Yes
Fire Service Fund	General Fund	100,461	No
Fire Service Fund	Water Fund	49,189	No
Fire Service Fund	Sewer Fund	132	Yes
Fire Service Fund	Solid Waste Fund	71	Yes
Fire Service Fund	Self Insurance Fund	4,097	Yes
Stormwater Fund	Sewer Fund	160,546	No
Internal Service Fund	Sewer Fund	20,708	No
Internal Service Fund	Water Fund	16,811	No
Internal Service Fund	Solid Waste Fund	19,071	No
Total		$ 2,438,833	

The purpose of these interfund balances reflect short-term financing of cash disbursements made through the General Fund on behalf of another fund. Similarly, the interfund balances for the Water Fund reflect financing of cash disbursements made through the Water Fund on behalf of other funds. The interfund balances for the Internal Service Fund represent reimbursable amounts for health insurance claims paid by the Internal Service Fund on behalf of the Water Fund, Sewer Fund, and Solid Waste Fund.

The General Fund has made an advance to the Solid Waste Fund for working capital. The balance of the advance at September 30, 2014 is $398,733. None of this balance is expected to be collected in the subsequent year.

III. DETAILED NOTES ON ALL FUNDS (Continued)

3. Interfund Receivables and Payables (Continued)

Transfers In	Transfers Out	Amount
General Fund	Hotel/Motel Tax Fund	8,200
General Fund	Sewer Fund	139,000
Water Fund	2011-2016 SPLOST Fund	12,251
Sewer Fund	2011-2016 SPLOST Fund	165,827
Solid Waste Fund	2011-2016 SPLOST Fund	34,793
Fire and Emergency Fund	2011-2016 SPLOST Fund	12,351
Fire and Emergency Fund	General Fund	100,000
Stormwater Fund	Sewer Fund	94,972
Total		$ 567,394

Transfers were used to move excess financial resources from the Hotel/Motel Tax Fund to the General Fund.

The 2011-2016 SPLOST fund paid certain Water Fund, Sewer Fund, Solid Waste Fund, and Fire and Emergency Fund capital outlay expenditures; these payments were made directly from of the 2011-2016 SPLOST fund.

Budgeted transfers were made from the Sewer Fund to the General Fund; from the General Fund to the Fire and Emergency Fund; and from the Sewer Fund to the Stormwater Fund. These transfers were made to support the operations of the receiving funds.

4. Enterprise Fund Deficit

The Solid Waste Fund had a deficit in net position of $660,968 at September 30, 2014. The City anticipates that this deficit will be eliminated in future years through the expansion of services and anticipated rate increases.

5. Capital Assets

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

Governmental Activities	Balance September 30 2013	Additions	Sales, Transfers, or Dispositions	Balance September 30 2014	Accumulated Depreciation September 30 2014	Book Value September 30 2014
Nondepreciable:						
Land	$ 371,537	$ -	$ 13,500	$ 358,037	$ -	$ 358,037
Depreciable:						
Buildings	2,397,462	-	-	2,397,462	908,537	1,488,925
Improvements	209,179	9,563	-	218,742	129,106	89,636
Machinery & Equipment	726,374	118,665	27,575	817,464	642,174	175,290
Infrastructure	1,949,142	-	-	1,949,142	418,294	1,530,848
Totals	$ 5,653,694	$ 128,228	$ 41,075	$ 5,740,847	$ 2,098,111	$ 3,642,736

Governmental Activities Accumulated Depreciation	Balance September 30 2013	Additions	Deletions	Balance September 30 2014
Buildings	$ 860,313	$ 48,224	$ -	$ 908,537
Improvements	117,322	11,784	-	129,106
Machinery & Equipment	629,211	40,538	27,575	642,174
Infrastructure	369,564	48,730	-	418,294
Totals	$ 1,976,410	$ 149,276	$ 27,575	$ 2,098,111

III. DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (Continued)

Business-Type Activities	Balance September 30 2013	Additions	Sales or Dispositions	Balance September 30 2014	Accumulated Depreciation September 30 2014	Book Value September 30 2014
Nondepreciable:						
Land	$ 1,048,497	$ -	$ -	$ 1,048,497	$ -	$ 1,048,497
Construction in Progress	330,945	119,701	274,993	175,653	-	175,653
Depreciable:						
Buildings	133,284	-	-	133,284	91,631	41,653
Improvements	11,748,362	510,858	-	12,259,220	5,808,041	6,451,179
Machinery & Equipment	3,034,954	14,499	29,100	3,020,353	2,216,365	803,988
Totals	$ 16,296,042	$ 645,058	$ 304,093	$ 16,637,007	$ 8,116,037	$ 8,520,970

Business-Type Activities Accumulated Depreciation	Balance September 30 2013	Additions	Deletions	Balance September 30 2014
Buildings	$ 88,953	$ 2,680	$ -	$ 91,631
Improvements	5,573,494	234,548	-	5,808,041
Machinery & Equipment	2,076,536	168,926	29,100	2,216,365
Totals	$ 7,738,983	$ 406,154	$ 29,100	$ 8,116,037

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 44,449
Public Safety	31,611
Public Works	53,640
Culture and Recreation	19,576
Total Depreciation Expense - Governmental Activities	$ 149,276
Business-Type Activities:	
Water	$ 49,401
Sewer	207,877
Solid Waste	80,135
Airport	11,112
Fire and Emergency Services	32,554
Stormwater	25,075
Total Depreciation Expense - Business-Type Activities	$ 406,154

III. DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (Continued)

A summary of capital asset activity for the Downtown Development Authority Component Unit for the year ended September 30, 2014 is as follows:

Governmental Activities	Balance September 30 2013	Additions	Sales or Dispositions	Balance September 30 2014	Accumulated Depreciation September 30 2014	Book Value September 30 2014
Nondepreciable:						
Land	$ 111,770	$ -	$ -	$ 111,770	$ -	$ 111,770
Depreciable:						
Buildings	324,391	-	-	324,391	64,836	259,555
Totals	$ 436,161	$ -	$ -	$ 436,161	$ 64,836	$ 371,325

Governmental Activities Accumulated Depreciation	Balance September 30 2013	Additions	Deletions	Balance September 30 2014
Buildings	$ 54,023	$ 10,813	$ -	$ 64,836
Totals	$ 54,023	$ 10,813	$ -	$ 64,836

Total depreciation expense for the Downtown Development Authority Component Unit for the year ended September 30, 2014 was $10,813 and is reflected in the expenses in the Statement of Activities.

6. Short-term Debt

Under the terms of a tax anticipation note, the City borrowed $250,000 on August 15, 2014. The interest rate is 1.23% and matures on December 31, 2014. The proceeds from the loan will be used to pay operating expenses until future tax revenues are received.

During the year ended September 30, 2014, the following changes occurred in the liability reported in general fund short-term debt:

	Balance September 30 2013	Increase	Decrease	Balance September 30 2014
Tax Anticipation Note	$ -	$250,000	$ -	$250,000

7. Long-term Debt

The Sewer Fund borrowed funds under a December 1, 1995 note payable; this note is due to the Georgia Environmental Facilities Authority (GEFA). The note requires quarterly payments of $46,439 including interest at 4.0%. The last payment will be due September 1, 2015. The proceeds of the note were used to expand sewer facilities in the City. The balance of the note payable as of September 30, 2014 is $181,205; the original amount of the note was approximately $1,583,000.

The annual debt service requirements to maturity for the note payable including interest are as follows:

Year Ended	Principal	Interest	Total
2015	181,205	4,553	185,758
Total	$ 181,205	$ 4,553	$ 185,758

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Debt (Continued)

The Sewer Fund borrowed funds under an April 1, 2008 note payable; this note is due to the Georgia Environmental Facilities Authority (GEFA). The note requires monthly payments of $11,744 including interest at 2.0%. The last payment will be due April 1, 2028. The proceeds of the note were used to consolidate sewer facilities in the City. The balance of the note payable as of September 30, 2014 is $1,673,257; the original amount of the note was approximately $2,300,000.

The annual debt service requirements to maturity for the note payable including interest are as follows:

Year Ended	Principal	Interest	Total
2015	108,453	32,475	140,928
2016	110,642	30,285	140,927
2017	112,875	28,052	140,927
2018	115,154	25,774	140,928
2019	117,478	23,449	140,927
2020-2024	623,929	80,706	704,635
2025-2028	484,726	17,902	502,628
Total	$ 1,673,257	$ 238,643	$ 1,911,900

During fiscal year 2011 the City entered into a capital lease payable to the Georgia Municipal Association for a John Deere backhoe. The original cost of this equipment was $55,455. This lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2015	11,456	795	12,251
2016	11,847	404	12,251
Total	$ 23,303	$ 1,199	$ 24,502

During fiscal year 2011 the City entered into a capital lease payable to the Georgia Municipal Association for a sewer mounted camera. The original cost of this equipment was $63,475. This lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2015	13,146	988	14,134
2016	13,631	503	14,134
Total	$ 26,777	$ 1,491	$ 28,268

During fiscal year 2013, the City entered into a capital lease payable to the Georgia Municipal Association for a Garbage Truck. The original cost of this equipment was $160,117. The lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2015	31,118	3,675	34,793
2016	31,999	2,794	34,793
2017	32,904	1,889	34,793
2018	33,835	958	34,793
Total	$ 129,856	$ 9,316	$ 139,172

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Debt (Continued)

During fiscal year 2013, the City entered into a capital lease payable to the Georgia Municipal Association for a Fire Command Vehicle. The original cost of this equipment was $34,862. The lease is associated with business-type activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2015	11,617	988	12,605
2016	11,978	503	12,481
Total	$ 23,595	$ 1,491	$ 25,086

During fiscal year 2014, the City entered into a capital lease payable to the Georgia Municipal Association for four police cars. The original cost of this equipment was $118,665; the City paid $3,000 upon acquisition. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Year Ended	Principal	Interest	Total Minimum Lease Payments
2015	27,618	3,551	31,169
2016	28,466	2,703	31,169
2017	29,340	1,829	31,169
2018	30,241	928	31,169
Total	$ 115,665	$ 9,011	$ 124,676

During the year ended September 30, 2014, the following changes occurred in the liability reported in long-term debt:

Governmental Activities	Balance September 30 2013	Increase	Decrease	Balance September 30 2014	Amounts Due in One Year
Compensated absences	$ 64,146	$ 36,249	$ 38,488	61,907	$ 43,335
Capital Leases	34,064	115,665	34,064	115,665	27,618
Net Pension Obligation	168,099	54,396	-	222,495	-
Total	$ 266,309	$ 206,310	$ 72,552	$ 400,067	$ 70,953
Business-type activities					
Compensated absences	$ 31,150	$ 24,371	$ 18,690	$ 36,831	$ 36,831
Notes payable	2,134,902	-	280,441	1,854,461	289,657
Capital leases	280,788	-	77,257	203,531	67,337
Net Pension Obligation	84,437	42,739	-	127,176	-
Total	$ 2,531,277	$ 67,110	$ 376,388	$ 2,221,999	$ 393,825

The General Fund typically has been used to liquidate compensated absences of governmental activities and will be used to liquidate the governmental funds' net pension obligation. The Water Fund, Sewer Fund and Sanitation Fund are used to liquidate compensated absences and the net pension obligation of business-type activities.

Totals for leased capital assets and related depreciation as of September 30, 2014 are a

Total Leased Capital Assets	$ 467,325
Total Current Year Depreciation	$ 46,397
Total Accumulated Depreciation	$ 121,442

III. DETAILED NOTES ON ALL FUNDS (Continued)

8. Employees' Retirement Plans

Plan Descriptions and Provisions:

The City's defined benefit pension plan, the City of Montezuma Retirement Plan (the Plan), provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan is a non-contributory defined benefit plan, which is administered by the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent multiple-employer type plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303-3606, or by calling 1-678-686-6218.

Eligibility requirements are one year of City employment for employees; for officials, there is no waiting period. The Plan allows for early retirement at age 55 if the employee has ten years of service. An employee's normal retirement age is 65 given an employee has five years of service. For City officials ten years of service is required. Monthly retirement benefits paid to an employee are equal to two percent of the monthly average earnings for the highest consecutive three-year wage period times the number of years of service. Monthly retirement benefits paid to an official are equal to $33 times the number of years of service. Employees' and officials' benefits vest at 100 percent in one step after five years of service. These benefit provisions were established by a City ordinance dated

November 1, 1972. The Georgia Constitution enables the governing authority of the City, the Mayor and the Members of the City Council, to establish and to amend, from time to time, the contribution rates of the employer.

Funding Policy:

Employees are not required to contribute to the Plan. The City is required to make all contributions in accordance with the minimum funding standards of the Public Retirement Systems Standards Law. Section 47-20 of the Georgia Code sets forth the funding standards for state and local government pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

Changes to Plan:

There were no changes to the plan since the last valuation.

Annual Pension Cost:

For 2014, the City's annual pension cost of $216,757 (the required contributions) was not equal to the City's actual contributions. The required contribution was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included:

(a) An 7.75% investment rate of return
(b) A projected salary increase at 3.5% per year for inflation
(c) A projected salary increase at 3.50% plus age and service merit increases
(d) A 3.50% cost of living adjustment

TREND INFORMATION FOR THE PLAN

Fiscal Year Ending	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
September 30, 2012	205,933	71%	202,741
September 30, 2013	199,196	75%	252,537
September 30, 2014	216,757	59%	349,671

III. DETAILED NOTES ON ALL FUNDS (Continued)

8. Employees' Retirement Plans (Continued)

The components of the net pension obligation are as follows:

Annual Required Contribution (ARC)	$ 216,757
Interest	19,572
Adjustment to the ARC	(11,801)
Annual Pension Cost	224,528
Contributions Made	127,393
Increase in Net Pension Obligation	97,135
Net Pension Obligation, Beginning of Year	252,536
Net Pension Obligation, End of Year	$ 349,671

The actuarial valuation method is the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/ (surplus) actuarial accrued liability. The amortization periods, if applicable, are closed for this plan year.

As of the most recent valuation date, the funded status of the Plan was as follows:

Actuarial Valutation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	Percentage of Covered Payroll
January 1, 2014	$ 4,207,967	$ 5,083,488	82.8%	$ 875,521	$ 664,405	131.8%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

The City adopted a 401(a) defined contribution plan that became effective January 1, 2011. The plan is administered by the Georgia Municipal Administration. The plan governing authority is Mayor and Council; plan provisions and amendments are authorized by this governing authority. All employees who work at least 30 per week may participate in the defined contribution plan with the exceptions of (1) the City legal officer, (2) elected or appointed officials and (3) employees participating in the City defined benefit plan as of October 1, 2010. The plan does have a 12 month period of service requirement starting with the date of hire. Each year a one-time annual plan year-end contribution of 10% of base salary is to be made by the City for the calendar year; all contributions to the plan will come from the City. The contributions are 100% vested after an employee has been employed for 5 years. Payments made during the year totaled $38,117.

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; and, natural disasters for which the City carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant decreases in insurance coverage from the prior year. The City is self insured for health insurance as disclosed in the following note.

III. DETAILED NOTES ON ALL FUNDS (Continued)

10. Health Insurance Program

In fiscal 2001, the City established an internal service fund, the Risk Management Fund (the Fund) to account for and finance the activities of its health insurance program. The Fund's participants include the City and another local government. The Fund provides coverage for up to a maximum of $25,000 for each health insurance claim. The Fund purchases commercial reinsurance for all participating entities to cover claims in excess of the maximum coverage provided by the Fund. The combined cost of this arrangement is anticipated by its participants to be less than the amount the participating entities would have paid for comparable commercial insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The City has entered into an agreement with a third party administrator for the processing of the Fund's claims. The participants have agreed to pay those claims related to their employees plus their ratable share of reinsurance premiums and the Fund's administrative expenses. Payments by the City in excess of the City's expenses, if any, may be retained in the Fund as a reserve for future expenses. Since the Fund's inception, the Fund has not accumulated significant financial resources. The City is committed to maintaining the solvency of the Fund. The Fund is included in the financial statements as an Internal Service Fund. The Fund does not issue separate financial statements.

Changes in the balance of claims liability during the past two years are as follows:

	2014	2013
Unpaid claims, beginning of fiscal year	$ 14,727	$ 75,126
Claims incurred	265,593	249,781
Claim payments	(233,898)	(310,180)
Unpaid claims, end of the fiscal year	$ 46,422	$ 14,727

11. Post-employment Benefits

Health Benefits

On February 13, 2001, the City Council passed a resolution to provide health benefits to individuals, who have retired from the City, were active in the City's health plan at retirement and had not yet reached the age of 65. These benefits terminate when the retired individual reaches the age of 65. Because of the limited scope of eligibility requirements, relatively few individuals have been covered by this benefit since its inception. These benefits are funded on a pay-as-you-go basis. Participants are required to pay the same health insurance premiums as active employees. At September 30, 2014, four individuals were covered by the plan. The amount of expenditure/expense for these postretirement benefits for the year ended September 30, 2014 was approximately $22,966.

Life Insurance Benefits

On February 13, 2001, the City Council passed a resolution to provide life insurance benefits to individuals who have retired directly from the City. These benefits are a term life insurance of $20,000 for elected officials, City department heads and supervisors. All other employees receive $10,000 in term life insurance coverage. During the fiscal year 2014, ten individuals participated in these retirement benefits. These benefits are funded on a pay-as-you-go basis. Participants are not required to pay the insurance premiums which are paid completely by the City. The amount of expenditure/expense for these postretirement benefits for the year ended September 30, 2014 was approximately $889.

If other postemployment benefits are material, then the City is required to accrue liabilities in relation to those benefits. The postemployment benefits are not considered material to the financial statement presentation.

12. Contingent Liabilities

The City has received Federal and State grants for specific purposes that are subject to financial and compliance audits by the grantor agencies. Such audits could lead to disallowance of expenditures by the granting agencies. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time although the City expects such amounts, if any, to be immaterial. According to the City Attorney, there are no material claims or litigations against the City.

III. DETAILED NOTES ON ALL FUNDS (Continued)

13. Hotel/Motel Tax

The City has levied a 5 percent Hotel/Motel Lodging tax. Of this percentage, 2 percent is given to the Chamber of Commerce to be used for the promotion of tourism. The remaining 3 percent is used by the City to promote other activities to promote tourism. The activity for the year ended September 30, 2014 is summarized below:

Hotel Motel Tax Revenue in 2014	$	(12,100)
Required Expenditure in 2014		(4,840)
Actual Allowable Expenditures in 2014		5,095

14. Joint Venture – River Valley Regional Commission

The City of Montezuma, in conjunction with other municipalities and counties in the middle Georgia area, participates in the River Valley Regional Commission (Commission). Membership in the Commission is required by Code of Georgia Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The Commission Board membership includes the chief elected official of each County and municipality of the area. Georgia law also provides that the member governments are liable for any debts or obligations of the Commission beyond its resources. The City does not anticipate receiving an additional financial benefit, nor incur an additional financial burden in the foreseeable future due to the City's participation in the joint venture. Separate financial statements for the River Valley Regional Commission can be obtained from the Commission's office in Americus, Georgia. During the year ended September 30, 2014 the City contributed $3,366 to the Commission.

15. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 28, 2015, the date the financial statements were available to be issued. Subsequent to September 30, 2014, the City froze its participation in the Georgia Municipal Employee Benefit System; this plan is a defined benefit plan. All eligible City employees are covered by a separate defined contribution plan.

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN

Actuarial Valuation Date	-1- Actuarial Value of Assets	-2- Actuarial Accrued Liability (AAL)	-3- Funded Ratio (1) / (2)	-4- Unfunded AAL (UAAL) (2) - (1)	-5- Annual Covered Payroll	-6- UAAL as a Percentage of Covered Payroll (4) / (5)
11/1/1998	$ 2,466,661	$ 2,186,409	112.8%	$ (280,252)	$ 669,107	-41.9%
11/1/1999	3,219,282	2,286,580	140.8%	(932,702)	754,588	-123.6%
11/1/2000	3,409,234	2,604,814	130.9%	(804,420)	986,417	-81.5%
11/1/2001	3,540,199	2,840,316	124.6%	(699,883)	891,462	-78.5%
11/1/2002	3,338,057	3,852,137	86.7%	514,080	699,946	73.4%
11/1/2003	3,453,281	4,135,391	83.5%	682,110	771,566	88.4%
11/1/2004	3,592,035	4,244,997	84.6%	652,962	786,717	83.0%
11/1/2005	3,750,788	4,511,739	83.1%	760,951	716,230	106.2%
11/1/2006	3,897,638	4,669,113	83.5%	771,475	897,246	86.0%
11/1/2007	4,085,873	5,103,977	80.1%	1,018,104	948,192	107.4%
11/1/2008	4,252,550	5,286,259	80.4%	1,033,709	986,307	104.8%
10/1/2009	3,894,674	5,545,946	70.2%	1,651,272	1,050,735	157.2%
1/1/2010	4,308,880	4,900,967	87.9%	592,087	1,067,895	55.4%
1/1/2011	4,460,468	5,243,448	85.1%	782,980	723,781	108.2%
1/1/2012	4,114,324	4,832,971	85.1%	718,647	698,674	102.9%
1/1/2013	4,138,266	5,026,238	82.3%	887,972	666,739	133.2%
1/1/2014	4,207,967	5,083,488	82.8%	875,521	664,405	131.8%

CITY OF MONTEZUMA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014

	Special Revenue					Total Nonmajor Governmental
	Hotel/Motel Tax	Revolving Loan Fund	Flood Revolving Loan Fund	TSPLOST Fund	Library Endowment Trust Fund	Total
ASSETS						
Cash and Cash Equivalents	$ 83	$ 52,601	$ 9,778	$ 106,945	$ 4,170	$ 173,577
Accounts Receivable	857	-	-	-	-	857
Due from Other Governments	-	-	-	5,346	-	5,346
Loans Receivable	-	353,385	-	-	-	353,385
Total Assets	$ 940	$ 405,986	$ 9,778	$ 112,291	$ 4,170	$ 533,165
LIABILITIES AND FUND BALANCES						
Due to Other Fund	$ -	$ 2,000	$ 222	$ 250	$ -	$ 2,472
Total Liabilities	-	2,000	222	250	-	2,472
Fund Balances:						
Nonspendable:						
Noncurrent Loans Receivable	-	353,385	-	-	-	353,385
Restricted for:						
Loans	-	50,601	9,556	-	-	60,157
TSPLOST	-	-	-	112,041	-	112,041
Library Endowment	-	-	-	-	4,170	4,170
Hotel Motel	940	-	-	-	-	940
Total Fund Balances	940	403,986	9,556	112,041	4,170	530,693
Total Liabilities and Fund Balances	$ 940	$ 405,986	$ 9,778	$ 112,291	$ 4,170	$ 533,165

CITY OF MONTEZUMA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue					Total Nonmajor Governmental
REVENUES	Hotel/Motel Tax	Revolving Loan Fund	Flood Revolving Loan Fund	TSPLOST Fund	Library Endowment Trust Fund	Total
Taxes	$ 12,100	$ -	$ -	$ 63,920	$ -	$ 76,020
Investment Income	-	4,703	-	-	-	4,703
Miscellaneous Income	-	-	2,200	36	-	2,236
Total Revenues	12,100	4,703	2,200	63,956	-	82,959
EXPENDITURES						
Current:						
Economic Development	5,095	-	-	-	-	5,095
Total Expenditures	5,095	-	-	-	-	5,095
Excess of Revenues Over Expenditures	7,005	4,703	2,200	63,956	-	77,864
OTHER FINANCING SOURCES (USES)						
Transfers Out	(8,200)	-	-	-	-	(8,200)
Total Other Financing Sources (Uses)	(8,200)	-	-	-	-	(8,200)
Excess of Revenues Over Expenditures or Other Uses	(1,195)	4,703	2,200	63,956	-	69,664
Fund Balances - Beginning	2,135	399,283	7,356	48,085	4,170	461,029
Fund Balances - Ending	$ 940	$ 403,986	$ 9,556	$ 112,041	$ 4,170	$ 530,693

CITY OF MONTEZUMA, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Hotel/Motel Tax			Revolving Loan		
	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget
REVENUES						
Taxes	$ 12,300	$ 12,100	$ (200)	$ -	$ -	$ -
Investment Income	-	-	-	4,700	4,703	3
Miscellaneous	-	-	-	-	-	-
Total Revenues	12,300	12,100	(200)	4,700	4,703	3
EXPENDITURES						
Current:						
Economic Development	4,920	5,095	175	-	-	-
Total Expenditures	4,920	5,095	175	-	-	-
Excess of Revenues Over Expenditures	7,380	7,005	(375)	4,700	4,703	3
OTHER FINANCING SOURCES						
Transfers Out	(7,380)	(8,200)	820	-	-	-
Total Other Financing Sources	(7,380)	(8,200)	820	-	-	-
Net Change in Fund Balances	-	(1,195)	(1,195)	4,700	4,703	3
Fund Balances - Beginning	2,135	2,135	-	399,283	399,283	-
Fund Balances - Ending	$ 2,135	$ 940	$ (1,195)	$ 403,983	$ 403,986	$ 3

Flood Revolving Loan			TSPLOST Fund		
Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget
$ -	$ -	$ -	$ 63,920	$ 63,920	$ -
-	-	-	-	-	-
1,500	2,200	700	-	36	36
1,500	2,200	700	63,920	63,956	36
-	-	-	-	-	-
-	-	-	-	-	-
1,500	2,200	700	63,920	63,956	36
-	-	-	-	-	-
-	-	-	-	-	-
1,500	2,200	700	63,920	63,956	36
7,356	7,356	-	48,085	48,085	-
$ 8,856	$ 9,556	$ 700	$ 112,005	$ 112,041	$ 36

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

ASSETS		
Cash	$	12,149
Due from Other Funds		56,590
Due from Other Governments		134,470
Total Assets	$	203,209
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	$	46,422
Due to Other Funds		156,787
Total Liabilities		203,209
Net Position:		
Unrestricted		-
Total Net Position		-
Total Liabilities and Net Position	$	203,209

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

OPERATING REVENUES	
Charges for Services	$ 428,538
Total Operating Revenues	428,538
OPERATING EXPENSES	
Insurance Claims	233,898
Insurance Premiums	172,303
Administration	22,337
Total Operating Expenses	428,538
Net Operating (Loss)	-
NONOPERATING REVENUE	
Interest Revenue	-
Total Nonoperating Revenue	-
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	$ -

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2014

Cash Flows from Operating Activities:		
Cash Received from Governments for Services Provided	$	99,173
Cash Received from Other Funds for Services Provided		309,572
Cash Payments to Suppliers		(380,031)
Net Cash Provided by Operating Activities		28,714
Cash Flows Used in Noncapital Activities:		
Interfund Loan		(22,170)
Net Cash Used by Noncapital Activities		(22,170)
Net Increase in Cash and Cash Equivalents		6,544
Cash and Equivalents at Beginning of Year		5,605
Cash and Equivalents at End of Year	$	12,149
Reconciliation of Operating (Loss) to Net Cash Provided from Operating Activities:		
Operating (Loss)	$	-
Decrease in Accounts Receivable		1,853
(Increase) in Due from Other Governments		(4,833)
(Decrease) in Accounts Payable		31,694
Net Cash Provided by Operating Activities	$	28,714

SUPPLEMENTARY DATA SECTION

CITY OF MONTEZUMA, GEORGIA
SEWER ENTERPRISE FUND - GEFA LOANS
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2014

GEFA Loan #2	Fiscal Year	Principal	Interest	Total Annual Requirements
	2015	181,205	4,553	185,758
		$ 181,205	$ 4,553	$ 185,758

GEFA Loan #3	Fiscal Year	Principal	Interest	Total Annual Requirements
	2015	108,453	32,475	140,928
	2016	110,642	30,285	140,927
	2017	112,875	28,052	140,927
	2018	115,154	25,774	140,928
	2019	117,478	23,449	140,927
	2020	119,849	21,078	140,927
	2021	122,268	18,659	140,927
	2022	124,736	16,191	140,927
	2023	127,254	13,673	140,927
	2024	129,822	11,105	140,927
	2025	132,442	8,485	140,927
	2026	135,116	5,811	140,927
	2027	137,843	3,084	140,927
	2028	79,325	522	79,847
		$ 1,673,257	$ 238,643	$ 1,911,900

GOVERNMENT AUDIT SECTION

BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

May 28, 2015

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

To the Honorable Mayor and Members
of the City Council
City of Montezuma, 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 Montezuma, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Montezuma, Georgia's basic financial statements and have issued our report thereon dated May 28, 2015.

Internal Control Over Financial Reporting

Management of City of Montezuma, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Montezuma, 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 Montezuma, Georgia's internal controls. Accordingly, we do not express an opinion on the effectiveness of the City of Montezuma, Georgia's internal controls.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Montezuma, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Butler, Williams & Wyche, LLP

Macon, Georgia

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

None reported.

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

None reported.

STATE AUDIT SECTION

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
From 2010 Referendum:					
Water	**	$ 89,536	$ 12,251	$ 101,787	
Sewer	**	668,374	78,094	746,468	
Sanitation	**	-	34,793	34,793	
General Government	**	48,204	-	48,204	
Public Buildings	**	13,606	-	13,606	
Police	**	96,077	40,719	136,796	
Fire	**	-	12,351	12,351	
	$ 1,094,005	$ 915,797	$ 178,208	$ 1,094,005	100%
Water	**	$ -	$ -	$ -	
Sewer	**	-	87,733	87,733	
Sanitation	**	-	-	-	
General Government	**	-	-	-	
Public Buildings	**	-	-	-	
Police	**	-	-	-	
Fire	**	-	-	-	
	$ 1,094,005	$ -	$ 87,733	$ 87,733	8%
Prior General Obligation Debt	$ 212,000	211,775	-	211,775	100%
Totals	$ 2,400,010	$ 1,127,572	$ 265,941	$ 1,393,513	

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance

Principal Reduction	$ 34,064
Interest	1,011
Public Safety	121,309
Transfers Out	225,222
Less: Cash proceeds from capital lease for police cars	(115,665) *
Total Expenditures per SPLOST Schedule	$ 265,941

* Subtracted from expenditures since the capital outlay for the police cars was not paid for with SPLOST funds.
** Referendum does not break out dollar amount of categories

Note - Prior year SPLOST schedule reflected aggregate numbers; this schedule presents a detail for each project allowed in the intergovernmental agreement.

CITY OF MONTEZUMA, GEORGIA

WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
12p-x-096-2-5485

PROJECT COST SCHEDULE
FOR THE PERIOD ENDING SEPTEMBER 30, 2014

Program Activity	Activity Number	Budget	Cumulative Expenditures
Contingencies	C-022-00	$ 39,496	$ -
Water Facilities	P-03J-01	394,958	416,081
Engineering - Water/Sewer Improvements	T-03J-01	35,546	35,546
Administration	A-21A-00	30,000	27,000
		$ 500,000	$ 478,627

Accounted for in Water Fund.