City of Nahunta, Georgia

Annual Financial Report

For The Year Ended June 30, 2014

City of Nahunta, Georgia
Annual Financial Report
For The Year Ended June 30, 2014

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For The Year Ended June 30, 2014

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Financial Section

TANNER CPA GROUP, LLC

Certified Public Accountants
317 Main Street
Blackshear, GA 31516
Ph. (912) 449-4724

Independent Auditor's Report

March 18, 2015

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Nahunta, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Nahunta, Georgia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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 and budgetary comparison information on pages 5-10 and 39 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 a 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 of Nahunta, Georgia, basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2015 on our consideration of the City of Nahunta's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Nahunta, Georgia's internal control over financial reporting and compliance.

Respectfully submitted,

Tanner CPA Group, LLC
Blackshear, Georgia

Management's Discussion and Analysis

Management's Discussion and Analysis
(Unaudited)

Our discussion and analysis of City of Nahunta's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements, which begin on page 11.

Financial Highlights

- The City's net position increased by $247,749 as a result of this year's operations. The net position of governmental activities increased by $244,113 or 48 percent and business-type activities decreased by $3,636 or .2 percent.
- During the year, the City had tax and other revenues that were $692 more than last year.
- The governmental activities expenses for the year decreased by $79,194.
- In the City's business-type activities, revenues related to charges for services increased by $21,810 or 5 percent.
- There were capital expenditures made during the year totaling $192,777.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 11. One of the most important questions asked about the City's finances is, "is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position-the difference between assets and liabilities- as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities-Most of the City's basic services are reported here, including the police, fire, public works, and general administration. Property taxes, franchise taxes, sales taxes, and grants finance most of these activities.
- Business-Type Activities-The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system and sanitation collection is reported here.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements- The government-wide financial statements are designed to provide readers with a broad view of the City's finances, in a manner similar to private-sector business.

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 whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expense are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration public safety, culture and recreation, community development and cemetery. The business-type activities of the City include water and sewer operations. The government-wide financial statements can be found on page 11 of this report.

Fund Financial Statements – Our analysis of the City's major funds begins on page 39. The fund financial statements provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – governmental and proprietary-use different accounting approaches and are described more fully below.

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, 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 two categories-governmental funds and proprietary 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 current sources and uses 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 net-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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's net-term financing decisions. Both the governmental funds balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The city maintains one governmental fund. 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, which are considered to be a major fund. If the City maintained other governmental funds, data from the other funds would be combined into a single, aggregated presentation, and individual fund data for each of the non-major governmental funds would be provided in the form of combining statements elsewhere in the report. The basic governmental funds financials statements can be found on pages 13 & 15.

Proprietary Funds-The City maintains one type of proprietary 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 and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer Fund since it is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to Financial Statements- The notes 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 statement can be found on pages 20-38.

Other Information- In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on page 40 of this report.

Governmental-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Nahunta, assets exceeded liabilities by $2,746,022 as of June 30, 2014.

The largest portion of the City's net position (77%) reflects its investments in capital assets (e.g. land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service 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.

City of Nahunta's Net position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	387,046	269,810	319,678	316,688	706,724	586,498
Capital assets	390,990	266,605	2,309,505	2,359,871	2,700,495	2,626,476
Total assets	778,036	536,415	2,629,183	2,676,559	3,407,219	3,212,974
Long-term debt outstanding	0	0	598,429	645,535	598,429	645,535
Other liabilities	20,584	23,076	42,184	46,089	62,768	69,165
Total liabilities	20,584	23,076	640,613	691,624	661,197	714,700
Net position:						
Invested in capital assets, Net of debt	390,990	266,605	1,711,076	1,714,336	2,102,066	1,980,941
Restricted	176,632	215,426	47,747	41,067	224,379	256,493
Unrestricted (deficit)	189,830	31,308	229,747	229,532	419,577	260,840
Total net position	757,452	513,339	1,988,570	1,984,935	2,746,022	2,498,274

Net position of the City's governmental activities increased by 48 percent or $244,113. An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $189,830. The unrestricted net position represent the amount that may be used to meet the government's ongoing obligation to citizens and creditors.

The net position of our business-type activities increased by .2 percent or $3,636. The City generally can only use these net position to finance the continuing operations of the public utilities (water & sewer and sanitation collection).

Changes in Net position

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	92,655	67,553	476,288	454,478	568,943	522,031
Operating Grants	0	0	0	0	0	0
Capital Grants	86,576	155,739	0	0	86,576	155,739
General Revenues						
Property Taxes	241,657	233,989	0	0	241,657	233,989
Other Taxes	328,389	337,165	0	0	328,389	337,165
Grants	0	0	0	0	0	0
Investment Earnings	589	0	262	2	262	2
Other	49,336	25,545	0	0	49,336	25,545
Total Revenues	798,613	819,991	476,550	454,480	1,275,163	1,274,471
Program Expenses						
General Government	197,557	237,299	0	0	197,557	237,299
Judicial	4,751	4,835	0	0	4,751	4,835
Public Safety	146,286	154,565	0	0	146,286	154,565
Public Works	205,906	236,995	0	0	205,906	236,995
Community Development	0	0	0	0	0	0
Public Utilities	0	0	472,914	497,552	472,914	497,552
Total Expenses	554,500	633,694	472,914	497,552	1,027,414	1,131,246
Transfers	0	0	0	0	0	0
Increase (Decrease) in net position	244,113	186,297	3,636	(43,072)	247,749	143,225

The City's total revenues increased by $ 692 (.01 percent) and the total expenses decreased by $ 103,832 (9 percent). The total increase in revenues was primarily accounted for by receipt of additional grant revenues. Total net position increased by $247,749. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

To aid the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net(expense) revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government	Occupational licenses, other fees
Public Safety	Fines and forfeitures, grants
Public Works	Capital grants for infrastructure improvements

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General Government	197,557	237,299	174,182	213,256
Judiciary	4,751	4,835	4,751	4,835
Public Safety	146,286	154,565	77,006	111,055
Public Works	205,906	236,995	119,330	81,256
Community Development	0	0	0	0
Totals	554,500	633,694	375,269	410,402

Business Type Activities

Operating revenues of the City's business-type activities increased by 5 percent ($ 476,288 in 2014 compared to $ 454,478 in 2013) and operating expenses decreased by 7 percent or $ 24,638. Revenue decreases were a result of decreased useage during the year and expenses increased through additional contracted services.

The City's Funds

As the City completed the year, its governmental funds (as presented on page 13) reported a combined fund balance of $ 327,805.

The revenues for the General Fund increased by $ 42,067 over the prior year and expenditures decreased by $ 29,637. The increase in revenue was primarily due to fines and grant revenue increases during the year. The expenditures decreased due to less spending in all departments during the year.

General Fund Budgetary Highlights

One department showed amounts over budget. The total budgeted expenditures were $ 710,269 and the total actual expenditures totaled $ 548,500. The amounts of expenditures over budget were primarily due to operational spending made in the Administrative/Finance department. A more detailed comparison is on page 39.

Capital Asset and Debt Administration

At the end of 2014, the City had $ 5,527,666 invested in a broad range capital assets, including police and fire equipment, buildings, and water and sewer lines. The table below provides further analysis of these capital assets.

Capital Assets at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	17,500	17,500	88,450	88,450	105,950	105,950
Buildings/Improvements	347,694	347,694	45,953	45,953	393,647	393,647
Equipment	604,229	592,654	617,956	617,956	1,222,185	1,210,610
Infrastructure	147,265	0	3,658,619	3,624,682	3,805,884	3,624,682
Accumulated Depreciation	(725,698)	(691,243)	(2,101,473)	(2,017,171)	(2,827,171)	(2,708,414)
Totals	390,990	266,605	2,309,505	2,359,870	2,700,495	2,626,475

There were major additions to capital assets during the current year consisting primarily of street improvements totaling $147,265. Additional information is available in the notes to the financial statements. (see pages 29-30)

Debt

At year end, the City had $ 598,429 in debt outstanding versus $ 645,535 last year-a decrease of $ 47,106-as shown in the following table.

Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Capital Leases	0	0	0	0	0	0
Notes Payable	0	0	0	0	0	0
Revenue Bonds	0	0	598,429	645,535	598,429	645,535
Other	0	0	0	0	0	0
Totals	0	0	598,429	645,535	598,429	645,535

The City maintains a note and bonds used to finance water & sewer infrastructure. The largest portion of the debt service payments during the year are related to the water and sewer operations. The outstanding balance is $598,429 with a debt service amount due in 2014-15 of $ 70,014. During the 2013, the City issued the 2012 Series Refunding and Revenue Bonds in the amount of $ 671,000 at an interest rate of 3.67%. The proceeds from the bond issue were used to retire the 1989 Series bonds in the amount of $ 641,000 plus accrued interest at 7.75%. Additional information is available in the notes to the financial statements. (see pages 31-32)

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2014 budget, tax rates, and fees that will be charged for the business type activities. One of those factors was the City's continued a lack of significant growth of commercial retail businesses in the area. However, there was the encouraging sign of sales tax revenue growth during the current year. The City believes this trend will continue.

The City continues to search for ways to control operating costs. During the recent year, the City has install its new computer system and software and trained its personnel how to effectively operate it to provide effective budget reporting. Management believes these efforts will allow the City to continue to improve its financial stability.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerks Office at the City of Nahunta, P.O. Box 156, 111 North Main Street, Nahunta, Georgia 31553.

Basic Financial Statements

City of Nahunta, Georgia
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	378,343	236,332	614,675
Receivables, Net	47,045	27,872	74,917
Internal Balances	(55,474)	55,474	-
Receivables from Other Governments	17,132	-	17,132
Land & Improvements	17,500	88,450	105,950
Other Capital Assets, Net	373,490	2,221,055	2,594,545
Total Assets	778,036	2,629,183	3,407,219
Liabilities			
Accounts Payable and Accrued Expenses	20,584	42,184	62,768
LongTerm Balances-Due within one Year	-	48,865	48,865
LongTerm Balances-Due in more than one Year	-	549,564	549,564
Total Liabilities	20,584	640,613	661,197
Net Position			
Net Investment in Capital Assets	390,990	1,711,076	2,102,066
Restricted for:			-
Capital Projects	176,632	-	176,632
Debt Service	-	47,747	47,747
Community Development Projects	-		-
Other Purposes	-	-	-
Unrestricted (deficit)	189,830	229,747	419,577
Total Net Position	757,452	1,988,570	2,746,022
Total Liabilities and Net Position	778,036	2,629,183	3,407,219

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Statement of Activities
For the Year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
General Government	197,557	23,375	-	-	(174,182)		(174,182)
Judicial	4,751	-	-	-	(4,751)		(4,751)
Public Safety	146,286	69,280	-	-	(77,006)		(77,006)
Public Works	205,906	-	-	86,576	(119,330)		(119,330)
Community Development	-	-	-	-	-		-
Interest on Long Term Debt	-	-	-	-	-		-
Total Government Activities	554,500	92,655	-	86,576	(375,269)	-	(375,269)
Business-Type Activities:							
Public Utilities-Water & Sewer	413,269	422,490	-	-		9,221	9,221
Solid Waste	59,645	53,798				(5,847)	(5,847)
Total Business-Type Activities	472,914	476,288	-	-	-	3,374	3,374
Total Primary Government	1,027,414	568,943	-	86,576	(375,269)	3,374	(371,895)
General Revenues:							
Taxes:							
Property Taxes					241,657		241,657
Franchise Taxes					61,188		61,188
Sales Taxes					158,897		158,897
Other Taxes					108,304		108,304
Grants and Contributions not restricted to specific programs					-	-	-
Unrestricted Investment Earnings					-	262	262
Miscellaneous					49,336		49,336
Total General Revenues					619,382	262	619,644
Change in Net Position					244,113	3,636	247,749
Net Position-Beginning					513,339	1,984,935	2,498,274
Net Position-Ending					757,452	1,988,571	2,746,023

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Other Governmental Fund	Total Governmental Funds
Assets			
Cash & Cash Equivalents	220,283	158,060	378,343
Receivables, Net	47,045		47,045
Due From Other Funds	125,911		125,911
Receivables from Other Governments	17,132		17,132
Prepaid Items	-		-
Land, Improvements, and Const in Progress	-		-
Other Capital Assets, Net	-		-
Total Assets	410,371	158,060	568,431
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	15,570		15,570
Due to Other Funds	181,385		181,385
Short-Term Loan Payable	-		-
Deferred Revenues	43,671		43,671
Total Liabilities	240,626	-	240,626
Fund Balances			
Nonspendable	-	-	-
Restricted:			
Capital Projects	18,572	158,060	176,631
Unrestricted:			-
Committed	-	-	-
Assigned	-	-	-
Unassigned	151,173		151,173
Total Fund Balances	169,745	158,060	327,805
Total Liabilities and Fund Balances	410,371	158,060	568,430

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Reconciliation of the Governmental Fund Balance Sheet to Statement of Position
June 30, 2014

Total Fund Balance-total governmental funds	327,805
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	390,990
Deferred revenues	43,671
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Capital Lease/Loans payable	-
Net position of governmental activities	762,466

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Other Governmental Fund	Total Governmental Funds
Revenues:			
Taxes	572,386	-	572,386
Licenses & Permits	23,375	-	23,375
Fines & Forfeitures	69,280	-	69,280
Charges for Services	-	-	-
Intergovernmental	18,571	68,005	86,576
Other	49,336	-	49,336
Total Revenues	732,948	68,005	800,953
Expenditures:			
Current-			
General Government	188,894		188,894
Judicial	4,751		4,751
Public Safety	144,207		144,207
Public Works	210,648	125,372	336,020
Capital Outlay	-	-	-
Debt Service	-		-
Total Expenditures	548,500	125,372	673,872
Excess(deficiency) of revenues over expenditures	184,448	(57,367)	127,081
Other Financing Sources (Uses):			
Transfers In (Out)	-	-	-
Sale of Capital Assets	-		-
Total other financing sources(uses)	-	-	-
Change in Fund Balance	184,448	(57,367)	127,081
Fund balances at beginning of year	(14,703)	215,426	200,723
Fund balances at end of year	169,745	158,059	327,804

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Reconciliation of the Statement of Revenues, Expenditure, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year ended June 30, 2014

Net change in fund balances-total governmental funds	127,081
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	158,840
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expnese is not reported as expenditure in governmental funds.	(34,455)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issurance cost, premiums, discounts, and similar items when debt is first issued, wheras the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
Some expenses reported in the statement of activities do not require the use of current financial resources: therefore, are not reported as expenditures in governmental funds.	(5,013)
Revenues that were reported in the statement of activities as intergovernmental revenues based on providing current financial resources in the previous year-	
Grant	-
Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds.	(2,340)
Change in net position of governmental activities	244,113

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Statement of Financial Position
Proprietary Fund
June 30, 2014

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Assets			
Current Assets-			
Cash & Cash Equivalents	178,720	9,865	188,585
Receivables, Net	26,864	1,008	27,872
Inventories	-		-
Interfund balances	181,385	119,690	301,075
Restricted Assets:			
Cash & Cash Equivalents	47,747	-	47,747
Total Current Assets	434,716	130,563	565,279
Capital Assets, net of accumulated depreciation	2,309,505	-	2,309,505
			-
Total Assets	2,744,221	130,563	2,874,784
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Expenses	4,051	-	4,051
Customer Deposits	38,132	-	38,132
Accrued interest	-	-	-
Interfund balances	119,690	125,911	245,601
Current portion of long term debt	48,865	-	48,865
Total Current Liabilities	210,738	125,911	336,649
Noncurrent Liabilities:			
Revenue Bonds Payable	598,429	-	598,429
Notes Payable	-	-	-
Less: current portion	(48,865)	-	(48,865)
Total Noncurrent Liabilities	549,564	-	549,564
Total Liabilities	760,302	125,911	886,213
Net Position			
Net Investment in Capital Assets	1,711,076	-	1,711,076
Restricted for:			
Capital Projects	-	-	-
Debt Service	47,747	-	47,747
Community Development Projects	-	-	-
Other Purposes	-	-	-
Unrestricted (deficit)	225,096	4,652	229,748
Total Net Position	1,983,919	4,652	1,988,571
Reconciliation to government-wide statements of net position:			
Adjustments			-
Net position of business-type activities			1,988,571

See accompanying notes to the basic financial statements.

City of Nahunta, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities-Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:			
Charges for services	388,028	53,798	441,825
Miscellaneous	34,462		34,462
Total operating revenues	422,490	53,798	476,287
Operating Expenses:			
Personal Services	103,447	9,204	112,651
Contractual Services	65,558	44,371	109,929
Supplies, Repairs, Maintenance	55,674	1,367	57,041
Other	81,380	4,703	86,083
Depreciation	84,302		84,302
Total Operating Expenses	390,361	59,645	450,006
Income (loss) from operations	32,129	(5,847)	26,281
Nonoperating revenues(expenses):			
Investment income	262		262
Interest expense	(22,908)		(22,908)
Total nonoperating revenues(expenses)	(22,646)	-	(22,646)
Income(loss) before contributions and tranfers	9,483	(5,847)	3,636
Capital contributions	-		-
Transfers (Out)	-		
Change in net position	9,483	(5,847)	3,636
Net position at beginning of year	1,974,436	10,499	
Net position at end of year	1,983,919	4,652	
Reconciliation to government-wide statements of net position:			
Adjustments			-
Change in net position of business-type activities			3,636

See accompanying notes to basic financial statements.

City of Nahunta, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Total
Cash flows from operating activities:			
Cash received from customers	415,602	60,108	475,710
Cash received from operating grants	-	-	-
Cash received from other funds for services	140,972	6,700	147,672
Cash payments to employees for services and benefits	(103,447)	(9,204)	(112,651)
Cash payments to suppliers for goods and services	(208,628)	(50,441)	(259,069)
Cash payments to other funds for services	-	-	-
Net cash provided (used) by operating activities	244,499	7,163	251,662
Cash flows from noncapital financing activities:			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash provided (used) noncapital financing activities	-	-	-
Cash flows from capital and related financing activities:			
Acquistion and construction of capital assets	(33,936)		(33,936)
Proceeds from capital debt	-		-
Interest payments on capital debt	(22,908)		(22,908)
Principal paid on capital debt	(47,106)		(47,106)
Net cash provided (used) by capital and related financing activities	(103,950)	-	(103,950)
Cash flow from investing activities:			
Interest on cash and investments	262		262
Net increase (decrease) in cash and cash investments	140,811	7,163	147,974
Cash and cash investments, July 1	85,656	2,702	88,358
Cash and cash investments, June 30	226,467	9,865	236,332
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Income (loss) from operations	32,128	(5,847)	26,281
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	84,302	-	84,302
Change in assets and liabilities:			-
(Increase) Decrease in receivables	(8,998)	1,899	(7,099)
Increase (Decrease) in interfund payables	140,972	11,111	152,083
Increase (Decrease) in accounts payable	(6,015)	-	(6,015)
Increase (Decrease) in customer deposits payable	2,110	-	2,110
Net cash provided (used) by operating activities	244,499	7,163	251,662
Reconciliation of total cash and cash investments:			
Current assets-cash and cash investments	178,720	9,865	188,585
Restricted assets-cash and cash investments	47,747	-	47,747
Total cash and cash investments	226,467	9,865	236,332

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

City of Nahunta, Georgia
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City of Nahunta, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: Summary of Significant Accounting Policies

A. General Statement

The City operates under a council/mayor form of government and provides the following services: public safety, highways and streets, public improvements, and general and administrative services. In addition, the City operates two enterprise funds (water & sewer and sanitation) for the incorporated and immediate surrounding areas.

The financial statements of the City of Nahunta, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Governmental Units", and by the Financial Accounting Standards Board (when applicable), FASB Statements and Interpretations. The Governmental Accounting Standards Board (GASB) is the accepted Standard-setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City elected to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant of the government's accounting policies are described below.

B. Reporting Entity

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, The Financial Reporting Entity, the financial statements of the reporting entity include those of the City of Nahunta. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is a fiscal dependency by the organization on the City

Discretely Presented Component Units- Based on the GASB criteria, the City has no entities that qualify as discretely presented component units.

Blended Component Units- Based on the GASB criteria, the City has no entities that qualify as blended component units.

NOTE 1: Summary of Significant Accounting Policies (cont'd)

Joint Ventures and Related Organizations

Under Georgia law, the City, in conjunction with other cities and counties in the Southeast Georgia area, is a member of the Southern Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is automatic for each municipality and county in the State. The official Code of Georgia Section 50-8-34(Georgia Planning Act of 1989) provides for the organization structure of the RC's. Each county and municipality in the State is required by law to pay minimum annual dues to the RC based on population. The Board of the RC includes elected officials from member counties and cities and nonpublic appointed members. The law defines RC's as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. Complete financial statements of the Southern Georgia Regional Commission can be obtained from: Southern Georgia Regional Commission, 1725 South Georgia Parkway West, Waycross, Georgia 31501.

The Housing Authority of the City of Nahunta is considered a related organization based upon the criteria of GASB Statement 10. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Nahunta. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority is a related organization.

At year-end, there were no receivables or payables between the City and this organization.

C. Basis of Presentation

The government-wide statements (the statement of net position and the statement of changes in net position) report information on all the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which relay to a significant extent on fees and charges for support.

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

NOTE 1: Summary of Significant Accounting Policies (cont'd)

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund-

General Fund is the main operating fund of the City. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund-

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The City currently has no special revenue funds.

Capital Project Fund-

Capital Project Funds are used to account for the expenditures related to a specific project. The City maintains one capital project fund. (SPLOST Fund)

Proprietary Funds are accounted for using economic resources measurement focus and accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net position. The City has presented the following major proprietary funds:

Water & Sewer Fund-

The Water & Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

NOTE 1: Summary of Significant Accounting Policies (cont'd)

Sanitation Fund-

The Sanitation Fund is used to account for operations of solid waste collection and disposal services. All costs are funded through charges to sanitation customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., 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 be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liabilities incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

NOTE 1: Summary of Significant Accounting Policies (cont'd)

E. Budgetary Control

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
   The City Council approves, by ordinance, total department budget appropriations. Therefore, the level of budgetary responsibility is by department appropriations; however, for reporting purposes, this level has been expended to a functional basis (General Government, Public Safety, etc.)
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.
5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
6. Formal budgetary integration is employed as a management control device during the Year for the General Fund. The budget for the general fund is prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, and certain non-operating income and expense items are not considered. Annual appropriated budgets are adopted for the special revenue funds and the debt service fund.

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

For the year ended June 30, 2014, an annual budget was adopted for all funds. OCGA 36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund and requires a project-length balanced budget for each capital project fund.

The legal level of budgetary control for the City of Nahunta is at the departmental level.

The Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of account for both budgetary purposes and actual results.

F. Cash and Investments

Cash includes currency on hand and demand deposits with banks and other financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to know cash amounts and are so near to maturity that they present an insignificant risk of changes in value because of change in interest rates. Examples include treasury bills, commercial paper, and money market accounts not classified as cash and other short-term investments whose original maturity is three months or less.

All investments recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

NOTE 1: Summary of Significant Accounting Policies (cont'd)

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at fiscal year end lapse and must be re-budgeted.

H. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provided services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for to the subsequent expenditures.

I. Inventories

The inventories in the Proprietary Funds consist of supplies and are valued at the lower of weighted average cost or market.

J. Interfund Receivables and Payables

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

K. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statement for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on property, plant and equipment.

NOTE 1: Summary of Significant Accounting Policies (cont'd)

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property, using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Water and Sewer System	30 - 50 years
Infrastructure	20 - 35 years
Machinery and Equipment	5 - 10 years
Improvements	20 years

Pursuant to GASB Statement 34, the City has reported infrastructure completed during the year and included construction in progress in its capital assets.

M. Accumulated Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation that will be paid to employees upon separation for City's service.

Accumulated sick pay benefits have not been recorded as a liability because the payment of benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

In accordance with the provisions of Statement of Governmental Accounting Standards No 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

N. Restricted Assets

Certain proceeds from grants and receivables from grantors have been classified as restricted assets in the balance sheet because their use is limited by the applicable grant agreements. The restricted cash has been set aside in a separate account. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the City's policy is to first apply unrestricted resources.

O. Bond Discounts/Issuance Costs

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bond-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

P. Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1: Summary of Significant Accounting Policies (cont'd)

Q. Capital Lease Obligations

The capitalized lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease, discounted at the implicit rate of interest in the lease.

R. Implementation of New Accounting Principles

The City has elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments". The City has currently begun recording new infrastructure items as they are completed. The remaining infrastructure already in place will be added in a future year.

S. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints place on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when the expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2: Stewardship, Compliance and Accountability

By its nature as a local government, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

The City's legal level of budgetary control is at the department level. The following City departments exceeded the budgeted amounts during the year ended June 30, 2014.

	Budget	Actual	Excess
General Fund-Administrative	152,500	184,500	32,000

The City had a no funds with a deficit fund balance at June 30, 2014.

NOTE 3: Cash and Investments

Cash-

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Georgia or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at June 30, 2014.

At June 30, 2014, the carrying amount of the City deposits was $614,675 and the bank balance was $622,031. Category 1-insured or collateralized with securities held by the entity or by its agent in the entity's name; Category 2–collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; Category 3-uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name.

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Total Reporting Entity	$ 622,031	$ 0	$ 0	$ 622,031	$ 614,675

The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) negotiable certificate of deposits issued by any bank or trust company organized under the laws or any state of the United States and (3) any repurchase agreement organized under the laws of any state of the United States having a nationally recognized investment firm rating of A or higher.

For fiscal year 2014, the City invested only in certificates of deposits.

NOTE 4- Receivables and Payables

Amounts were recorded in the basic financial statements as receivables (amounts due to the City) and payables (amounts due others from the City).

Receivables at June 30, 2014 were as follows:

	Taxes	Accts	Other Gov'ts	Other	Total
Governmental Activities:					
General	47,045	0	17,132	0	64,177
	0		0	0	0
Total governmental activities	47,045	0	17,132	0	64,177
Business-Type Activities:					
Water & Sewer	0	26,864	0	0	26,864
Sanitation	0	1,008	0	0	1,008
Total business-type activities	0	27,872	0	0	27,872

Payables at June 30, 2014, were as follows:

	Vendors	Salaries/ Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	23,076	0	0	0	23,076
	0	0	0	0	0
Total governmental Activities	23,076	0	0	0	23,076
Business-Type Activities:					
Water & Sewer	4,051	0	0	38,133	42,184
Sanitation	0	0	0	0	0
Total business-type Activities	4,051	0	0	38,133	42,184

NOTE 5- Capital Assets

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

	Balance July 1	Additions Completions	Retirements Adjustments	Balance June 30
Governmental Activities:				
Capital assets not being depreciated-				
Land	17,500	0	0	17,500
Const in Progress	0			0
Total capital assets not being depreciated	17,500	0	0	17,500
Capital assets, being depreciated-				
Buildings	347,694	0	0	347,694
Equipment	592,654	11,575	0	604,229
Infrastructure	0	147,265	0	147,265
Total capital assets being depreciated	940,348	158,840	0	1,099,188
Less accumulated depreciation for:				
Buildings	(165,171)	(11,988)	0	(177,159)
Equipment	(526,072)	(18,785)	0	(544,857)
Infrastructure	0	(3,682)	0	(3,682)
Total accumulated depreciation	(691,243)	(34,455)	0	(725,698)
Total capital assets, being depreciated, net	249,105	124,385	0	373,490
Governmental activities capital assets, net	266,605	124,385	0	390,990

NOTE 5- Capital Assets (cont'd)

	Balance July 1	Additions Completions	Retirements Adjustments	Balance June 30
Business-type activities:				
Capital assets not being depreciated-				
Land	88,450	0	0	88,450
Construction in progress	0	0	0	0
Total capital asset not being depreciated	88,450	0	0	88,450
Capital assets being depreciated-				
Buildings/Improvements	45,953	0	0	45,953
Equipment	617,956	0	0	617,956
Infrastructure	3,624,682	33,937	0	3,658,619
Total capital assets, being depreciated	4,288,591	33,937	0	4,322,528
Less accumulated depreciation for:				
Buildings/Improvements	(17,953)	(1,313)	0	(19,266)
Equipment	(289,854)	(8,447)	0	(298,301)
Infrastructure	(1,709,364)	(74,542)	0	(1,783,906)
Total accumulated depreciation	(2,017,171)	(84,302)	0	(2,101,473)
Total capital assets being deprec, net	2,271,420	(50,365)	0	2,221,055
Business-type activ. capital assets, net	2,359,870	(50,365)	0	2,309,505

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

Governmental activities:	
General government and administration	7,277
Public safety	943
Public works	26,235
Total depreciation expense-governmental activities	34,455
Business-type activities:	
Water & Sewer	84,302
Total depreciation expense-business-type activities	84,302

NOTE 6- Interfund Balances and Activity

There were no transfers between funds during the year.

The following interfund balances existed at June 30, 2014

	Receivable	(Payable)
Governmental Activities:		
Due from General Fund to Wtr & Sewer	0	181,385
Due General Fund from Sanitation Fund	125,911	0
Business Type Activities:		
Due to Water & Sewer from General Fund	181,385	0
Due from Wtr & Swr to Sanitation fund	119,690	119,690
Due from Sanitation Fund to General Fund	0	125,911
Total	426,986	426,986

The inter-fund balance between these two funds was created by cash flow short falls and accounting system of transferring monies after collection to proper funds. Management made steps to reduce the amounts in 2014. These steps will continue in the next year until amounts are eliminated.

NOTE 7: Long-Term Obligations

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

	Balance July 1	Issues or Additions	Payments or Expenditures	Adjust.	Balance June 30	Due within one year
Governmental Type Activities:						
Capital Lease Payable	0	0	(0)	0	0	0
Total governmental Activities	0	0	(0)	0	0	0
Business-Type Activities:						
Revenue Bonds-Suntrust	645,535	0	(47,106)	0	598,429	22,908
Total business-type Activities	645,535	0	(47,106)	0	598,429	22,908

Changes in Outstanding Debt-

Governmental Type Activities:

Capital Leases
The City has enters into various lease agreements as lessee to finance various equipment. These leases qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The City currently has no outstanding capital lease agreements.

NOTE 7: Long-Term Obligations (Cont'd)

Business Type Activities:

Bonds Payable:
Previously, the Water & Sewer Fund had debt outstanding consisting of the Series 1989A and Series 1989B Revenue Bonds. The 1989A Series was originally issued for $ 498,000 and the 1989B Series was originally issued for $ 327,000. Both bonds were issued for construction of a water and sewer system. On October 25, 2012, the City issued the City of Nahunta Water and Sewer Refunding Revenue Bond, Series 2012 in the amount of $ 671,000. The proceeds from this issuance were used to payoff the Series 1989A and Series 1989B Revenue Bonds. The Series 2012 Bonds bear an interest rate of 3.62% and are to be repaid in 144 monthly installments of $5,834.52. The final installment is due and payable on November 1, 2024.

The following is a summary of the City's individual bond issues that are outstanding at June 30, 2013.

Schedule of Series 2012 Bonds Payable (3.62% interest rate):

Due in Mthly Installments	Principal Due Each Year	Interest Due	Total Payment
2014	48,864.77	21,149.47	70,014.24
2015	50,688.72	19,325.52	70,014.24
2016	52,580.75	17,433.49	70,014.24
2017	54,543.41	15,470.83	70,014.24
2018	56,579.32	13,434.92	70,014.24
2019	58,691.23	11,323.01	70,014.24
2020	60,881.97	9,132.27	70,014.24
2021	63,154.47	6,859.77	70,014.24
2022	65,511.81	4,502.43	70,014.24
2023	67,957.14	2,057.10	70,014.24
2024	18,975.47	126.27	19,101.75
	598,429.06	120,815.08	719,244.14

NOTE 8: Retirement Benefits

City employees are covered under the provisions of the Social Security act.

Peace Officers' Annuity and Benefit Fund

The Police Chief and policemen are covered under separate pension plans which require that certain sums from fines or bonds forfeited be remitted to the pension plans before the payment of any costs or other claims.

Defined Benefit Plan-

The City of Nahunta, Georgia maintains a agent multiple-employer, defined benefit pension plan (Public Employees Retirement System) which covers all of its employees, and participates in the statewide local government retirement system, a multiple-employer, public employee pension plan which covers substantially all of the City's employees. The City of Nahunta Retirement Plan is administered by the Georgia Municipal Employee Benefit System (GMEBS). GMEBS is an agent multiple employer defined benefit plan.

Employees are not obligated to make contributions to the pension plan. The City's contribution obligation consists of three parts l) normal cost, i.e. plan benefits and administration expenses, 2) amortization of un-funded actuarial accrued liability, and 3) interest assumed from valuation date to the date contributions are paid.

Plan description and provision:

All of the City's employees who work twenty hours or more per week are eligible to participate in the PERS, a agent multiple-employer, defined benefit pension plan. Elected officials are not eligible to participate. The payroll of employees covered by the PERS for the year was $ 179,896. Current membership in the PERS is comprised of the following:

Group	Jan 1, 2014
Retirees and beneficiaries currently receiving benefits	5
Vested terminated employees	6
Active employees:	
Fully vested	5
Nonvested	1
Total Membership in the plan	17

The pension benefits are fully vested after 10 years in the plan. Employees attaining the age of 65 who have completed 5 or more continuous years of service are entitled to benefits of their average monthly earnings for each year of continuous service. Upon eligibility to retire, participants are entitled to an annual benefit in the amount 1.25 to 1.75% of his final average earnings in excess of a breakpoint that is determined based on age. An employee may elect early retirement at age 55 provided that he has a minimum of 10 years total credited service. Participants who have completed 10 years of credited service are eligible to designate a beneficiary to receive death benefits.

The Board of Trustees of GMEBS adopts/amends policies and provisions of the plan in accordance with the Public Retirement System Standards Law (GA Code Sec 47-20-10).

NOTE 8: Retirement Benefits (cont'd)

The Plan's financial statements are prepared on the accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits. Investments in securities are valued at current market prices. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the City or related parties.

The financial report for the pension plan is included in the report of a Public Employee Retirement System (PERS). The financial report of Georgia Municipal Employee Benefit System (GMEBS) can be obtained:
Georgia Municipal Association
201 Pryor Street, SW
Atlanta, Georgia 30303-3606

Significant Actuarial Assumptions
The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

❑ Rate of return on investment	7.75% per year
❑ Projected salary increases	3.5% per year plus age and service based merit increases
❑ Projected salary increases for merit or seniority	0.5% per year
❑ Post-retirement benefit increases	Not applicable
❑ Valuation date	January 1, 2014
❑ Actuarial cost method	Projected unit credit
❑ Amortization method	Closed level dollar for remaining for unfunded liability
❑ Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

The asset valuation method is the sum of actuarial value at the beginning of 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 the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Fund policy and annual contributions
The funding policy for the plan is to contribute an amount equal to the recommended contribution list in the following table:
Development of Recommended Contribution-

	Jan 1, 2014	Jan 1, 2013	Jan 1, 2012	Jan 1, 2011
Minimum Contribution				
Normal Cost	7,798	12,950	12,018	14,012
Return of Employee Contributions	0	0	0	0
Administrative Expenses	2,261	2,267	2,272	2,299
Total Normal Cost	10,059	15,217	14,290	16,311
Expected Employee Contributions	0	0	0	0
Employer Normal Cost	10,059	15,217	14,290	16,311
Payment on Unfunded Actuarial Accrued Liability	7,191	8,935	11,490	16,076
Recommended mid-year contribution	17,250	24,152	25,780	32,387
Adjustment to fiscal year	656	918	14,326	12,173
Recommended Contribution	17,906	25,070	40,106	44,560

NOTE 8: Retirement Benefits (cont'd)

The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets as described below:

> *Calculate expected actuarial value of assets by rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments. Preliminary actuarial value of assets is expected actuarial value of assets plus (minus) 10 % of the amount that market value of assets exceeds (is less than) expected actuarial value of assets. In addition, the actuarial value of assets will not be less than 60% or greater than 140% of the market value of assets. This 40% corridor will be reduced by 5% each year until 2007, after which time the actuarial value of assets will not be less than 80% or greater than 120% of the market value of assets*

The period, and related method, for amortizing the initial unfounded actuarial accrued liability is 30 years from 1996 and current changes in un-funded 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. These amortization periods, if applicable, are closed for this plan year

Present Value of Accrued Plan Benefits	Jan 1, 2014	Jan 1, 2013	Jan 1, 2012	Jan 1, 2011
(On Going Basis)				
Total present value of accrued plan benefits	353,932	330,675	314,310	300,878
Market value of assets	331,331	273,854	213,229	197,579
Fund percentage	93.61%	82.82%	67.84 %	65.67 %
(Plan Termination Basis)				
Total present value of accrued plan benefits	637,173	762,204	620,929	575,574
Market value of assets	331,331	273,854	213,229	197,579
Fund percentage	52.00%	35.93%	34.34 %	34.33 %

NOTE 8: Retirement Benefits (cont'd)

Funded Status

The table below sets forth required supplementary information disclosed in the schedule of funding progress based on the March 1 of each year/ January 1 beginning 2010.

	Actuarial Value Assets	Actuarial Accrued Liability	Funded Ratio	Total Unfunded Actuarial Liability	Annual Covered Payroll	UAAL as a % of Covered Payroll
1997	11,699	87,516	13.37%	(75,817)	154,599	49.04%
1998	23,797	99,450	23.93%	(75,653)	194,871	38.82%
1999	37,912	127,822	29.65%	(89,910)	185,951	48.35%
2000	52,714	166,023	31.75%	(113,039)	238,607	47.37%
2001	74,349	186,964	39.76%	(112,615)	253,026	44.51%
2002	92,358	202,617	45.58%	(110,259)	248,763	44.32%
2003	100,744	224,048	44.97%	(123,304)	262,358	46.99%
2004	119,718	247,109	48.45%	(127,391)	248,372	51.29%
2005	142,966	254,042	56.30%	(111,076)	124,166	89.46%
2006	162,100	278,526	58.20%	(116,426)	117,791	98.84%
2007	178,260	279,686	63.74%	(101,426)	110,156	92.07%
2008	197,460	280,144	70.48%	(82,684)	120,057	68.87%
2009	169,700	328,433	51.67%	(158,733)	270,313	58.72%
2010	215,895	332,806	64.87%	(116,911)	251,157	46.55%
2011	239,619	352,867	67.91%	(113,248)	289,302	39.15%
2012	270,716	351,659	76.98%	(80,943)	260,382	31.09%
2013	306,906	369,849	82.98%	(62,943)	253,949	24.79%
2014	340,749	391,409	87.06%	(50,660)	179,896	28.16%

The market value of assets is the current value of assets on the valuation date. This value fluctuates with changing financial market conditions.

Effect of plan changes on the actuarial accrued liability

The effect on the actuarial accrued liability of any current-year changes in actuarial assumptions or benefit provisions is: The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

Effect of plan changes on recommended contributions

The effect on the recommended contributions of any current-year changes in actuarial assumptions, benefit provisions or actuarial funding method is: The plan provisions valued and the actual assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

Trend Information:

Fiscal Year	Annual Pension Cost	Percentage Contributed
1998	13,864	100%
1999	15,440	100%
2000	18,078	100%
2001	21,288	100%
2002	22,281	100%
2003	21,203	100%
2004	24,024	100%
2005	19,822	100%
2006	22,081	100%
2007	20,596	100%
2008	18,171	100%
2009	34,647	100%
2010	38,685	100%
2011	44,560	100%
2012	40,106	100%
2013	25,070	100%
2014	17,906	100%

NOTE 8: Retirement Benefits (cont'd)

The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 8%, which is the valuation's investment return assumption. Further, this method involves rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains(losses) during 10 prior years.

Ten-year historical trend information can be found in a separately issued PERS report. This report will also provide information about progress made in accumulating sufficient assets to pay benefits when due.

NOTE 9 - Commitments and Contingencies

The City has participated in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The amount of expenditures which may be disallowed by granting agencies cannot be determined at this time; although, the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits may be pending against the City. The City estimates that the potential claims from the pending lawsuits against the City, not covered by insurance, would not materially affect the financial statements of the City.

NOTE 10-Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains property, liability, and workers compensation insurance to manage these risks.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains property, liability, and workers compensation insurance to manage these risks.

The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

NOTE 10-Risk Management (cont'd)

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

During the past year the City paid out $ 0 related to claims to cover legal costs and insurance deductibles.

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains property, liability, and workers compensation insurance to manage these risks.

The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis or employer's liability, including suits or other proceedings alleging such injuries and remanding or compensation, therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

NOTE 11- Property Taxes

The property tax calendar is as follows: Jan 31- Property values are assessed by the Brantley County Tax Assessors. November 1 -Property Tax notices are mailed to taxpayers. December 31- Property taxes are due 60 days after mailing. Jan. 1-Property taxes attach as an enforceable lien on property within sixty-one days after tax notices are received by the taxpayer. Collections of property taxes are accounted for in the General Fund of the City of Nahunta. City property taxes are recognized to the extent that they result in current receivables at December 31.

Required Supplementary Information

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

- Budgetary Comparison-General Fund

City of Nahunta, Georgia
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	Budgeted Amounts		GAAP/Budget	Variance with Final Budget Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	630,588	630,588	572,386	(58,202)
Licenses & Permits	19,560	19,560	23,375	3,815
Fines & Forfeitures	60,121	60,121	69,280	9,159
Charges for Services	-	-	-	-
Intergovernmental	-	-	18,571	18,571
Other	-	-	49,336	49,336
Total Revenues	710,269	710,269	732,948	22,679
Expenditures:				
Current:				
General Government	160,967	160,967	188,894	(27,927)
Judicial	5,650	5,650	4,751	899
Public Safety	208,732	208,732	144,207	64,525
Public Works	334,920	334,920	210,647	124,273
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	710,269	710,269	548,500	161,769
Excess(deficiency) of revenues over expenditures	-	-	184,448	184,448
Other Financing Sources (Uses):				
Proceeds from Long Term Debt	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources(uses)	-	-	-	-
Excess(deficiency) of revenues and other sources over expenditures and other uses	-	-	184,448	184,448
Fund balances at beginning of year			(14,703)	
Fund balances at end of year			169,745	

Other Supplementary Information

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

Such statements and schedules include:
Governmental Activities:

Non-major Governmental Funds

- Capital Project Funds-
  SPLOST Fund

City of Nahunta, Georgia
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	SPLOST Fund	Totals
Assets		
Cash	158,059	158,059
Accounts Receivable	0	0
Due from other governments	0	0
Due From Other Funds	0	0
Total Assets	158,059	158,059
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	0	0
Due to Other Funds	0	0
Total Liabilities	0	0
Fund Balances:		
Reserved for specific purposes	158,059	158,059
Total Fund Balance	158,059	158,059
Total Liabilities and Fund Balances	158,059	158,059

City of Nahunta, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

	SPLOST Fund	Totals
Revenues		
Fines & Forfeitures	0	0
Charges for Services	0	0
Intergovernmental	68,005	68,005
Interest	0	0
Sale of Property	0	0
Other		0
Total Revenues	68,005	68,005
Expenditures		
Current:		
General & Administrative	0	0
Public Safety	0	0
Public Works	125,372	125,372
Cemetery	0	0
Community Development	0	0
Reimbursements	0	0
Debt Service	0	0
Capital Outlay	0	0
Total Expenditures	125,372	125,372
Excess Revenues Over(Under) Expenditures	(57,367)	(57,367)
Other Financing Sources(Uses)		
Transfers In	0	0
Total Other Financing Sources (Uses)	0	0
Excess Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(57,367)	(57,367)
Fund Balance, July, 1	215,426	215,426
Fund Balance, June 30	158,059	158,059

Federal & State Program Section

TANNER CPA GROUP, LLC

Certified Public Accountants
317 Main Street
Blackshear, GA 31516
Ph. (912) 449-4724

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

March 18, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Nahunta, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Nahunta, Georgia's basic financial statements and have issued our report thereon dated March 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Nahunta, Georgia's internal control over financial reporting (internal control) to determine the audit 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 Nahunta's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nahunta Georgia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (items 2005-1 and 2005-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Nahunta, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Response to Findings

City of Nahunta, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Nahunta, Georgia's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Tanner CPA Group, LLC
Blackshear, Georgia

City of Nahunta, Georgia
Schedule of Findings and Responses
For the Year ended June 30, 2014

Section I- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness identified? ___ yes _X_ no
Significant deficiencies identified that are not
considered to be material weaknesses? _X_ yes ___ no

Noncompliance material to financial statements noted? ___ yes _X_ no

Section II- Financial Statement Findings

Finding 2005-01
Improper segregation of duties

Condition:
Due to relatively small size of the City, it is not possible to maintain proper segregation of duties.
The City has an office staff of two persons who must perform a number of related tasks. This makes it extremely difficult to maintain proper segregation of duties at all times.
Recommendation:
Management should look for innovative ways to create a segregation of duties by using non-office personnel and elected officials when possible to improve this area of internal controls.
Management View/Response:
Management concurs with findings and continually looks for ways to improve internal controls using the limited personnel available in a small City.

Finding 2005-02
Absence of proper control techniques

Condition:
The City has not properly maintained the proper accounting records necessary to produce financial statements comparing the approved budget to actual financial activity each month. The City did not currently prepare monthly bank reconciliations for all accounts. This does not allow management to properly control the receipts or expenditures of the City and avoid exceeding the adopted budget.
Recommendation:
Management should immediately provide necessary training to maintain necessary accounting records to provide financial statements that allow the control of expenditures related to the approved budget.
Management View/Response:
Management concurs with findings and has made improvements to the accounting system. Management approves all invoices and training has been provided by the City. Better management oversight will be implemented to correct other issues such as bank reconciliations, and monthly financial statement comparison reports.

TANNER CPA GROUP, LLC

Certified Public Accountants
317 Main Street
Blackshear, GA 31516
Ph. (912) 449-4724

Independent Auditor's Report on Special County One-Percent Sales and Use Tax

March 18, 2015

To the Honorable Mayor and
Members of the City Council
Of City of Nahunta, Georgia

We have audited the accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds for the year ended June 30, 2014. The Schedule is the responsibility of City of Nahunta's management. Our responsibility is to express an opinion on the Schedule of Projects Constructed with Special Sales Tax Proceeds based on our audit.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States as required by Section 48-8-121 of the Official Code of Georgia Annotated (OCGA). Thos 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction 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 is intended to present the projects constructed with sales tax proceeds and is not intended to be a complete presentation of entity's assets, liabilities, revenues and expenses. The City prepares the accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds which lists each identified project and information required by Section 48-8-121 OCGA presents fairly in all material respects the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through June 30, 2014, the end of the fiscal year covered by this audit.

Respectfully submitted,

Tanner CPA Group, LLC
Blackshear, Georgia

City of Nahunta, Georgia
Schedule of Projects Constructed
With Special Local Option Sales Tax Proceeds
For the Year ended June 30, 2014

Project	Original Estimated Cost	Expenditures		Total To Date	Est % of Completion
		Prior Year	Current Year		
Road , Street, and Bridge Improvements	$337,500	133,247	125,372	258,619	77.00%
Totals		133,247	125,372	258,619	

Note: The original estimated cost is the total project amount included in the original referendum for collection of a special local option sales tax and approved by the voters of Brantley County.

City of Nahunta, Georgia
Community Development Block Grant
Grant #13p-x-013-2-5595
Schedule of Program Costs and
Schedule of Sources and Status of Funds
For the Year ended June 30, 2014

Program Activity	Budgeted Costs	Paid To Date	Costs Obligated	Total Cost	Questioned Costs
T-03K-00 Engineering-Street Improvements/Flood & Drainage	444.00	0.00	0.00	0.00	0.00
P-03k-01 Street Improvements	115,768.00	0.00	0.00	0.00	0.00
P-03k-02 Flood and Drainage Facilities	353,788.00	0.00	0.00	0.00	0.00
A-21A-00 Administration	30,000.00	0.00	0.00	0.00	0.00
C-022-00 Contingencies	0.00	0.00	0.00	0.00	0.00
Totals	500,000.00	0.00	0.00	0.00	0.00
Non-CDBG Funds		0.00	13,147.68	13,147.68	
Totals		0.00	13,147.68	13,147.68	

Expenditures per Financial Statements:

General Fund-FYE 06/30/2014	13,147.68
Totals	13,147.68

Total Program Funds Allocated to Recipient	0.00
Less: Funds Drawn Down By Recipient	0.00
Funds Still Available to Be Drawn Down	0.00

Total Funds Drawn Down By Recipient	0.00
Less: Funds Applied to Costs	0.00
Total Funds Available for Disposition	0.00