CITY OF OAK PARK
Oak Park, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2013

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report 1

Basic Financial Statements
Government-Wide Financial Statements:
Statement of Net Position 4
Statement of Activities 5

Fund Financial Statements:
Governmental Funds:
Balance Sheet 6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 7
Statement of Revenues, Expenditures, and Changes in Fund Balances 8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities 9

Proprietary Fund:
Statement of Net Position 10
Statement of Revenues, Expenses, and Changes in Fund Net Position 11
Statement of Cash Flows 12

Notes to the Financial Statements 13

REQUIRED SUPPLEMENTARY INFORMATION

Individual Fund Schedules
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual 31

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Special County One Percent Sales and Use Tax 32

Schedule of Projects Constructed with Special Sales Tax Proceeds 33

Report on Compliance and 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 34

Schedule of Findings and Responses 36

Summary Schedule of Prior Year Findings 39

Member:
Association of Certified Fraud Examiners

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Independent Auditor's Report

Honorable Mayor and City Council
City of Oak Park
Oak Park, Georgia

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Oak Park as of and for the year ended December 31, 2013, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Major Funds

Due to inadequate internal controls over financial reporting the reliability and accuracy of the financial statements were compromised and potentially misleading to the readers and users of the financial statements. Prior year audit adjustments were not entered into the City's accounting software; likewise, accrual entries were not maintained properly nor reversed timely. There was a lack of proper oversight and treasury management. The City maintains commingled accounting ledgers for Governmental Activities and Business-Type Activities. In addition, the City did not prepare and operate under a board approved annual budget for the year ended December 31, 2013. A lack of segregation of duties exist, that when combined with inadequate internal controls, further increases the risks of fraud, errors, and irregularities occurring and going undetected for long periods of time.

Qualified Opinion

In my opinion, except for the matters discussed in the "Basis for Modified Opinions on Governmental Activities, Business-Type Activities, and Major Funds" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City of Oak Park, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information Omitted

The City of Oak Park has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Park's basic financial statements. The Supplementary Information as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying financial information listed in the Table of Contents as Supplementary Information is the responsibility of management and was derived from and relates 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 my opinion, the accompanying Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated March 12, 2015 on my consideration of the City of Oak Park's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Oak Park's internal control over financial reporting and compliance.

Kendall L. Davis, P.C.

Kendall L. Davis, P.C.
Certified Public Accountant

Hazlehurst, Georgia
March 12, 2015

CITY OF OAK PARK
Oak Park, Georgia

Statement of Net Position

December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 86,163	$ 8,993	$ 95,156
Investments	90,011	21,212	111,223
Receivables, net	15,027	3,252	18,279
Prepaid expenses	12,019	-	12,019
Internal balances	52,017	-	52,017
Total current assets	255,237	33,457	288,694
Noncurrent Assets:			
Capital assets:			
Nondepreciable	8,000	-	8,000
Depreciable, net	214,128	103,941	318,069
Total noncurrent assets	222,128	103,941	326,069
Total assets	477,365	137,398	614,763
Deferred outflow of resources	-	-	-
Total assets and deferred outflow of resources	$ 477,365	$ 137,398	$ 614,763
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	$ 24,047	$ 2,045	$ 26,092
Current portion of long-term debt	12,119	6,000	18,119
Internal balances	-	52,017	52,017
Total current liabilities	36,166	60,062	96,228
Noncurrent Liabilities:			
Noncurrent portion of long-term debt	23,095	37,700	60,795
Total liabilities	59,261	97,762	157,023
Deferred inflow of resources	-	-	-
NET POSITION			
Net investment in capital assets	151,700	11,230	162,930
Restricted for:			
Capital projects	3,638	-	3,638
Debt service	35,214	8,846	44,060
Unrestricted	227,552	19,560	247,112
Total net position	418,104	39,636	457,740
Total liabilities, deferred inflow of resources, and net position	$ 477,365	$ 137,398	$ 614,763

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Activities
For the year ended December 31, 2013

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	$ 145,558	$ 26,392	$ -	$ -	$ (119,166)	$ -	$ (119,166)
Public safety	230,283	248,973	-	-	18,690	-	18,690
Public works	17,296	21,611	-	-	4,315	-	4,315
Culture and recreation	135	3,280	-	-	3,145	-	3,145
Community Development	12,850	17,078	-	-	4,228	-	4,228
Intergovernmental	-	-	-	29,244	29,244	-	29,244
Total governmental activities	406,122	317,334	-	29,244	(59,544)	-	(59,544)
Business-type activities -							
Water and sewer	45,225	27,654	-	-	-	(17,571)	(17,571)
Total business-type activities	45,225	27,654	-	-	-	(17,571)	(17,571)
Total primary government	451,347	344,988	-	29,244	(59,544)	(17,571)	(77,115)
General revenues:							
Franchise taxes					1,905	-	1,905
Local option sales taxes					52,859	-	52,859
Alcoholic beverage taxes					10,637	-	10,637
Insurance premium taxes					24,967	-	24,967
Unrestricted investment earnings					1,861	429	2,290
Miscellaneous					23,235	-	23,235
Total general revenues					115,464	429	115,893
Transfers					(20,410)	20,410	-
Change in net position					35,510	3,268	38,778
Net Position - beginning, as restated					382,594	36,368	418,962
Net Position - ending					$ 418,104	$ 39,636	$ 457,740

See auditor's report.

See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Balance Sheet
Governmental Funds

December 31, 2013

	General Fund	SPLOST V Fund	Total Governmental Funds - 2013
ASSETS			
Cash and cash equivalents	$ 86,086	$ 77	$ 86,163
Investments	90,011	-	90,011
Accounts receivable, net	11,466	3,561	15,027
Prepaid expenses	12,019	-	12,019
Due from other funds	52,017	-	52,017
Total assets	$ 251,599	$ 3,638	$ 255,237
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	$ 24,047	$ -	$ 24,047
Total liabilities	24,047	-	24,047
FUND BALANCES			
Unassigned	227,552	-	227,552
Restricted - Capital projects	-	3,638	3,638
Total fund balances	227,552	3,638	231,190
Total liabilities and fund balances	$ 251,599	$ 3,638	$ 255,237

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2013

Total Fund Balance - total governmental funds	$	231,190
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds balance sheet:		
Cost		478,801
Less accumulated depreciation		(256,673)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(35,214)
Net position of governmental activities	$	418,104

See auditor's report.

See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended December 31, 2013

	General Fund	SPLOST V Fund	Total Governmental Funds - 2013
REVENUES			
Taxes	$ 93,774	$ -	$ 93,774
Licenses	5,425		5,425
Charges for services	35,969	-	35,969
Intergovernmental	10,126	29,227	39,353
Fines and forfeitures	258,748	-	258,748
Interest income	1,861	17	1,878
Other income	3,857	-	3,857
Total revenues	409,760	29,244	439,004
EXPENDITURES			
Current:			
General government	133,076	-	133,076
Public safety	218,081	-	218,081
Public works	14,983	-	14,983
Culture and recreation	135	-	135
Community development	12,850	-	12,850
Capital outlay	26,884	-	26,884
Debt service	13,335	-	13,335
Total expenditures	419,344	-	419,344
OTHER FINANCING SOURCES			
Transfers in	29,632	-	29,632
Transfers out	(8,520)	(41,522)	(50,042)
Gain (Loss) from sale of assets	23,606	-	23,606
	44,718	(41,522)	3,196
Change in fund balance	35,134	(12,278)	22,856
Fund balances at beginning of year	192,418	15,916	208,334
Fund balances at end of year	$ 227,552	$ 3,638	$ 231,190

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the year ended December 31, 2013

Net change in fund balances - total governmental funds	$	22,856
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded in the current period.		26,884
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.		(26,997)
Principal reduction on debt service.		12,767
Change in net position of governmental activities	$	35,510

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Net Position
Proprietary Fund

December 31, 2013

	Business-Type Activity - Enterprise Fund Water and Sewer
ASSETS	
Current assets:	
Cash	$ 8,993
Investments	21,212
Accounts receivable, net	3,252
Total current assets	33,457
Capital assets:	
Infrastructure	76,060
Buildings & Improvements	287,396
Machinery & Equipment	30,361
Less - Accumulated depreciation	(289,876)
Capital assets, net	103,941
Deferred outflow of resources	-
Total assets and deferred outflow of resources	$ 137,398
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$ 2,045
Internal balances	52,017
Current portion of long-term debt	6,000
Total current liabilities	60,062
Long-term liabilities -	
Long-term debt	37,700
Total liabilities	97,762
Deferred inflow of resources	-
NET POSITION	
Net investment in capital assets	11,230
Restricted for:	
Debt service	8,846
Unrestricted net position	19,560
Total net position	39,636
Total liabilities, deferred inflow of resources, and net position	$ 137,398

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund

For the year ended December 31, 2013

	Business-Type Activity - Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for services	$ 27,654
Total operating revenues	27,654
OPERATING EXPENSES	
General and administrative	5,699
Supplies	11,698
Repairs and maintenance	2,653
Depreciation	10,602
Sanitation services	-
Professional fees	5,390
Utilities	4,130
Other general expenses	-
Dues and fees	425
Total operating expenses	40,597
Income (loss) from operations	(12,943)
NON-OPERATING REVENUES (EXPENSES)	
Investment income	429
Loss on disposal of assets	(2,128)
Interest expense	(2,500)
Total non-operating revenues (expenses)	(4,199)
Income (Loss) Before Contributions and Transfers	(17,142)
Transfers in	20,410
Change in net position	3,268
Net position at beginning of year	36,368
Net position at end of year	$ 39,636

See auditor's report.
See accompanying notes to financial statements.

CITY OF OAK PARK
Oak Park, Georgia

Statement of Cash Flows
Proprietary Fund

For the year ended December 31, 2013

	Business-Type Activity - Enterprise Fund Water and Sewer
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	
Receipts from users/others	$ 31,347
Payments to vendors	(21,966)
Net cash provided from operating activities	9,381
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(35,088)
Interest paid on debt	(2,500)
Principal paid on debt	(6,000)
Other disbursements	(1,725)
Other receipts	20,410
Net cash used by capital and related financing activities	(24,903)
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES	
Interest on investments	429
Net cash provided from investing activities	429
NET DECREASE IN CASH	(15,093)
CASH, Beginning	24,086
CASH, Ending	$ 8,993
Reconciliation of income (loss) from operations to net cash provided from operating activities:	
Income (Loss) from operations	$ (12,943)
Depreciation	10,602
Increase (decrease) in internal balances	17,729
Increase (decrease) in accounts payable	(6,304)
(Increase) decrease in accounts receivable	297
Net cash provided from operating activities	$ 9,381

See auditor's report.
See accompanying notes to financial statements.

The City of Oak Park, Georgia (the "City"), operates under the mayor/council form of government. The City provides the following government services: general administrative services, public safety, and streets. In addition, the City operates an enterprise fund which provides water and sewer services to its users.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The City of Oak Park 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. The City of Oak Park also operates a public utility (water and sewer) for the incorporated and immediate surrounding areas.

The City has no potential component units that should be considered for inclusion in the reporting entity; however, the City of Oak Park is considered a related organization.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide statements include a Statement of Net Position and a Statement of Activities. These statements report financial information for the City as a whole. All funds are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the City.

Note 1 – Summary of Significant Accounting Policies (continued)

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

The Statement of Activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions,* the determining factor is to which function the revenues are *restricted.*

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

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for government and proprietary funds.

Major individual government and enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

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

Note 1 – Summary of Significant Accounting Policies (continued)

The following is the City's major governmental fund:

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

Governmental Fund:

SPLOST Fund - The SPLOST fund is used to account for financial sources and uses for the Special Purpose Local Option Sales Taxes.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income or loss, changes in net position and cash flows. Proprietary funds are classified as enterprise funds. The City has the following proprietary fund:

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

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities reports revenues and expenses, including depreciation.

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

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

1-D. Basis of Accounting

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as unearned revenue (i.e., they are measurable but not available) rather than as revenue.

Property taxes receivable not collected within 60 days of year-end have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue.

Note 1. Summary of Significant Accounting Policies (continued)

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

1-E. Assets, Liabilities and Fund Equity/Net Position

1-E-1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated as fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

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

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Note 1. Summary of Significant Accounting Policies (continued)

1-E-4. Consumable Inventories

On the government-wide financial statements, inventories, as applicable, are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds, as applicable, are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when consumed.

1-E-4. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure in the year in which the services are consumed.

1-E-5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $500. The City's infrastructure consists of roads, bridges and water and sewer lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expenses. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

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

Buildings and shelters	50 years
Water and sewer system	40 years
Equipment	5-10 years
Vehicles	5-10 years

Note 1. Summary of Significant Accounting Policies (continued)

1-E-6. Accumulated Compensated Absences

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.

1-E-7. Restricted Net Position

Certain proceeds of proprietary funds' revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted net position on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond sinking fund" account is used to report resources set aside to fund current debt service requirements.

1-E-8. Net Position

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

1-E-9. Accrued Liabilities and Long-term Obligations

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

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

Note 1. Summary of Significant Accounting Policies (continued)

1-E-10. Fund Equity/Net Position

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

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

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's finance director to assign fund balances.
- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Note 1. Summary of Significant Accounting Policies (continued)

Net Position- Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. The net position amount is also adjusted by any bond issuance deferred amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1-E-11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water, sewer and solid waste programs. Operating expenses are necessary costs incurred to provide the goods and services for the primary activity of each program. Non-operating revenues are revenues not generated from the primary activity of each program such as interest revenues and gain on sale of property. Non-operating expenses are expenses incurred not directly related to operations such as interest expense on notes and bonds.

1-E-12. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-13. Interfund Activity

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

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

Note 1. Summary of Significant Accounting Policies (continued)

1-E-14. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity Balances

2-A. Changes in Accounting Principles

Effective January 1, 2004, the City has implemented GASB Statement No. 34, "Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments," GASB Statement No.36, "Recipient Reporting for Certain Shared Non-exchange Revenues, an amendment of GASB Statement No. 33," GASB Statement No. 37, "Basic Financial Statements -and Management's Discussion And Analysis- for State and Local Governments: Omnibus," GASB Statement No. 38, "Certain Financial Statement Note Disclosures" and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement No. 34 creates new basic financial statements for reporting the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in a single column on the governmental fund statements.

The government-wide financial statements classify the City's programs between governmental activities and business-type activities. The beginning net position amount for the business-type activities equals fund equity of the enterprise funds from the prior year.

2-B. Restatement of Equity Balances

There are restatements of equity balances for the year ended December 31, 2013. Due to the audit fieldwork disclosing nonmaterial accounting errors, the restatement of equity balances resulted as follows:

	General Fund
Ending balance at December 31, 2012	$ 372,819
To properly record miscoded assets, revenue, & expenses	9,775
Ending balance at December 31, 2012, as restated	$ 382,594

Note 3. Stewardship, Compliance and Accountability

3-A. Budgetary Information

The City adopts an annual operating budget for the general fund and enterprise fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenses.

All unexpended, unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically (i.e., no action is required by the City Council).

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The City Administrator may transfer funds from one object or purpose to another within the same department.
- The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

3-B. Excess of Expenditures Over Appropriations

Historically, the City has prepared an operating budget each year, however, for the current audit period, the City did not prepare and approve an annual budget. Excess of expenditures over appropriations at the department level (the legal level of control) were unable to be determined as a result of a budget not being prepared for the year ending December 31, 2013.

Note 4. Detail Notes on all Funds

4-A. Deposits and Investments

The City's deposits are either insured or collateralized using the dedicated method. Under the Dedicated method of collateralization, all deposits over the federal depository insurance coverage are collateralized with securities held by the City's agent in the City's name. At the year-end, the City's deposits and investments had a carrying amount of $206,379 and bank balances of $202,237. Of the bank balances $250,000 was covered by federal depository insurance (FDIC) for checking and $250,000 for investing. The City's balances were covered by federal depository insurance (FDIC).

The City's cash and investments consist of checking, money market, and certificates of deposits. These are short-term highly liquid investments that are considered cash and cash equivalents. The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The City's investments consist of certificates of deposits from FDIC insured state banks with an original maturity in excess of ninety days. Investments are stated at cost, which approximates fair value.

4-B. Receivables

Receivables at December 31, 2013, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from services provided.

	Taxes	Customers	Other	Total
Governmental Activities:				
General	$ 14,416	$ -	$ 611	$ 15,027
Total governmenatl activities	14,416	-	611	15,027
Business-type Activities:				
Water and Sewer	-	3,252	-	3,252
Total business-type activities	-	3,252	-	3,252
Total Receivables	$ 14,416	$ 3,252	$ 611	$ 18,279

4-B.1. Interfund Receivables, Payables and Transfers

The Water and Sewer Fund borrowed $52,017 from the General Fund for operations. The Water and Sewer Fund had an Interfund Payable of $52,017 as of December 31, 2013.

Note 4. Detail Notes on all Funds (continued)

4-C. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance Jan. 1, 2013	Reclass Assets	Balance Jan. 1, 2013 Reclassified	Additions/ Completions	Retirements/ Adjustments	Balance Dec. 31, 2013
Governmental Activities:						
Capital assets, not being depreciated						
Land	$ 8,000	$ -	$ 8,000	$ -	$ -	$ 8,000
Construction in progress	-	-	-	-	-	-
Total capital assets, not being depreciated	8,000	-	8,000	-	-	8,000
Capital assets, being depreciated						
Buildings and Improvements	192,047	13,246	205,293	19,632	5,085	219,840
Machinery and Equipment	219,081	(13,246)	205,835	55,126	10,000	250,961
Total capital assets being depreciated	411,128	-	411,128	74,758	15,085	470,801
Less accumulated depreciation for:						
Buildings and improvements	54,526	1,766	56,292	9,601	1,564	64,329
Machinery and equipment	186,713	(1,766)	184,947	17,397	10,000	192,344
Total accumulated depreciation	241,239	-	241,239	26,998	11,564	256,673
Total capital assets, being depreciated, net	169,889	-	169,889	47,760	3,521	214,128
Governmental capital assets, net	$ 177,889	$ -	$ 177,889	$ 47,760	$ 3,521	$ 222,128

4-C. Capital Assets (continued)

	Balance Jan. 1, 2013	Additions Completions	Retirements/ Adjustments	Transfers	Balance Dec. 31, 2013
Business-type Activities:					
Capital assets, being depreciated					
Infrastructure	$ 52,280	$ 23,780	$ -	$ -	$ 76,060
Buildings and improvements	287,396	-	-		287,396
Machinery and equipment	31,829	9,180	10,648	-	30,361
Total capital assets being depreciated	371,505	32,960	10,648	-	393,817
Less accumulated depreciation for:					
Infrastructure	20,331	2,331	-	-	22,662
Buildings and improvements	239,855	7,185	-	-	247,040
Machinery and equipment	31,050	1,086	11,962	-	20,174
Total capital assets being depreciated	291,236	10,602	11,962	-	289,876
Total capital assets, being depreciated, net	80,269	22,358	-	-	103,941
Business-type capital assets, net	$ 80,269	$ 22,358	$ -	$ -	$ 103,941

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

Governmental Activities:	
General government	$ 12,483
Public Safety	12,202
Public Works	2,313
Total	$ 26,998
Business-type Activities:	
Water and Sewer	$ 10,602
Total	$ 10,602

4-D. Long-Term Obligations

General Fund:

Notes Payable

On September 10, 2010, The City of Oak Park entered into a loan agreement in the amount of $32,972 with BB&T Governmental Finance to finance the purchase of one (1) new 2010 Dodge Charger Police Vehicle. The interest rate is 3.500% compounding annually. Payments are made annually in the amount of $7,055.73. The loan is to be repaid over a four (4) year period with the final payment being due on September 10, 2014.

Notes Payable debt service requirements to maturity are as follows:

Year	Principal	Interest
2014	6,817	239
Total	$ 6,817	$ 239

On September 19, 2013, The City entered into a lease agreement in the amount of $34,577 with BB&T Governmental Finance to finance the purchase of one (1) new 2013 Dodge Charger Police Vehicle. The interest rate is 3.44% and the lease term is 60 months. Payments are made annually in the amount of $6,279 with the final payment due on November 2, 2018.

Notes Payable debt service requirements to maturity are as follows:

Year	Principal	Interest
2014	5,302	977
2015	5,484	794
2016	5,673	606
2017	5,868	411
2018	6,070	209
Total	$ 28,397	$ 2,997

4-D. Long-Term Obligations (continued)

Business-Type Activities:

Bonds payable

The City of Oak Park has water and sewer revenues bonds. The interest rate is 5.00%. The proceeds of the bonds were used to construct a water system and facility. The bonds are being repaid on an annual basis. A water reserve bank account is in place and maintained to provide for the payment of principal and interest on the bonds when due. Annual debt service requirements are as follows.

Year	Principal	Interest
2014	$ 6,000	$ 2,200
2015	6,000	1,900
2016	6,000	1,600
2017	6,000	1,300
2018	6,000	700
2019-2020	13,700	358
Total	$ 43,700	$ 8,058

Changes in Long-Term Debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loans Payable	$ 13,404	$ 34,577	$ 12,767	$ 35,214	$ 12,119
	13,404	34,577	12,767	35,214	12,119
Business-type Activities:					
Bonds Payable	49,700	-	6,000	43,700	6,000
	49,700	-	6,000	43,700	6,000
Total Long-Term Debt	$ 63,104	$ 34,577	$ 18,767	$ 78,914	$ 18,119

Note 5. Commitments and Contingencies

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

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

Note 6. Expenditures Over Appropriations

Individual expenditures were approved by the City Council before the expenditure was made. However, the City did not prepare and approve an operating budget for the year ended December 31, 2013.

Note 7. Net Deficit Balances

There were no deficit fund balances in the General Fund, or Proprietary Fund for net position.

Note 8. Risk Management

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. Significant losses are covered by commercial insurance. The City maintains property, liability, automobile, and fidelity coverage.
There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for a current year or the three prior years.

The City is a member of the Workers Compensation Self Insurance Fund. The City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorney's 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 fund. 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 of employer's liability, including suits or other proceedings alleging such injuries and demanding 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 9. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen county area district, is a member of the Heart of Georgia/Altamaha Regional Commission and is required to pay annual dues of $637. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission. The Commission membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-391 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

Heart of Georgia/Altamaha Regional Commission
501 Oak Street
Eastman, Georgia 31023

Required Supplementary Information

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

Budgetary comparison - General Fund

CITY OF OAK PARK
Oak Park, Georgia

Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget to Actual

For the year ended December 31, 2013

	* Budget		Actual	Variance with Final Budget - Over
	Original	Final	Amounts	(Under)
REVENUES				
Taxes	$ -	$ -	$ 93,774	$ 93,774
Licenses	-	-	5,425	5,425
Charges for services	-	-	35,969	35,969
Intergovernmental	-	-	10,126	10,126
Fines and forfeitures	-	-	258,748	258,748
Interest income	-	-	1,861	1,861
Other income	-	-	3,857	3,857
Total revenues	-	-	409,760	409,760
EXPENDITURES				
Current:				
General government	-	-	133,076	133,076
Public safety	-	-	218,081	218,081
Public works	-	-	14,983	14,983
Culture and recreation	-	-	135	135
Community Development	-	-	12,850	12,850
Capital outlay	-	-	26,884	26,884
Debt Service	-	-	13,335	13,335
Transfers	-	-	-	-
Total expenditures	-	-	419,344 **	419,344
Other financing sources	-	-	44,718	44,718
Change in fund balance	$ -	$ -	$ 35,134	$ 35,134
Fund balances at beginning of year			$ 192,418	
Fund balances at end of year			$ 227,552	

* - See current audit finding 2013-1.
** - Unappropriated expenditures. Not approved by governing body through operating budget.

See auditor's report.

Member:
Association of Certified Fraud Examiners

Kendall L. Davis, P.C.

Georgia Society of CPA'S

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

Mayor and City Council
City of Oak Park
Oak Park, Georgia

I have audited the accompanying Schedule Purpose Local Option Sales Tax for the City of Oak Park for the year ended December 31, 2013. This schedule is the responsibility of the City of Oak Park's management. My responsibility is to express an opinion on the Schedule Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis as described in Note 1 and is not intended to be a complete presentation of the City of Oak Park's revenues and expenditures.

In my opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Oak Park's resolution or ordinance calling for the tax for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

Kendall L. Davis, P.C.

Kendall L. Davis, P.C.
Certified Public Accountant

Hazlehurst, Georgia
March 12, 2015

CITY OF OAK PARK
Oak Park, Georgia

Schedule of Projects Constructed with Special Sales Tax Proceeds V

For the Year Ended December 31, 2013

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Water System Improvements	$ 50,000	$ 50,000	$ -	$ 41,522	$ 41,522
City Building Renovations - Fire	50,000	50,000	-	-	-
City Building Renovations - Community Center	40,000	40,000	-	-	-
Paving and Street Improvements	11,402	11,402	-	-	-
Total	$ 151,402	$ 151,402	$ -	$ 41,522	$ 41,522

The SPLOST Schedule has been prepared on the modified accrual basis of accounting.

See auditor's report.

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

Honorable Mayor and City Council
City of Oak Park
Oak Park, Georgia

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Oak Park, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Oak Park's basic financial statements, and have issued my report thereon dated March 12, 2015.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, as described in the accompanying Schedule of Findings and Responses as items 2013-1 through 2013-4, I identified certain deficiencies in internal control that I consider to be material weaknesses.

Compliance and Other Matters

Management's Responsibility for Compliance

Compliance with certain provisions of laws, regulations, contracts and grant agreements related to the City is the responsibility of the City's management.

Auditor's Responsibility

As part of obtaining reasonable assurance about whether the City of Oak Park's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Responses as items 2013-1 through 2013-4.

The City of Oak Park's Response to Findings

The City of Oak Park's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The City of Oak Park's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.

Kendall L. Davis, P.C.

Kendall L. Davis, P.C.
Certified Public Accountant

Hazlehurst, Georgia
March 12, 2015

City of Oak Park
Oak Park, Georgia

December 31, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Section I - Summary of Auditor's Results:

Financial Statements

Type of report issued on the financial statements:	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	Yes

Section II - Financial Statement Findings:

The following conditions were disclosed for the year ended December 31, 2013:

2013-1 No annual budget prepared

The audit fieldwork disclosed that the City did not prepare an annual budget for the fiscal year 2013 as required by O.C.G.A. 36-81-3. As a result, revenues and expenditures can not be monitored and adequate budgetary controls can not be implemented.

It is recommended that the City prepare a budget in order to properly monitor the City's financial status. Revised or amended budgets should be prepared and approved by the City Council as needed. The City needs to consider hiring a contract accountant.

Management's Response

The City agrees with the above finding and will ensure that proper procedures are performed to prepare an annual budget.

2013-2 The City lacks proper internal control procedures for all funds.

The audit fieldwork disclosed that the City of Oak Park's internal controls over assets, liabilities, revenues and expenses were inadequate. There was a lack of segregation of duties over revenues that the City of Oak Park received and the expenses that the City paid. The City Clerk was assigned the responsibility to collect revenues, prepare bank deposits, carry deposits to the bank, prepare checks, and mail checks. There appeared to be no oversight or segregation of duties.

The Police Department's procedures were not adequate concerning the receipting and depositing of fines revenue. There was an extensive amount of citations that could not be accounted for. The Police Department's deposits did not have adequate supporting documentation produced from the citation system.

SCHEDULE OF FINDINGS AND RESPONSES (continued)

2013-2 The City lacks proper internal control procedures for all funds. (continued)

The Police Department also lacked proper procedures for approving expenditures. Several expenditure reimbursements within the Department were not considered reasonable and necessary.

The effect of these conditions is that assets, liabilities, revenues, and expenses may not be properly accounted for and were subject to theft or misuse. Also, the effect of undeposited fines revenue increases the risk of theft and misuse of funds on a recurring basis.

It is recommended that the City segregate the duties of the collection of revenues from the accounting and deposit of revenues. One individual should not perform all of these duties. It is also recommended, even imperative, that the approving of invoices, preparation of checks, and the mailing of checks be delegated to more than one individual.

Management's Response

The City agrees with the above finding and will ensure that proper internal control procedures are enacted so that all revenues and expenses are accounted for.

2013-3 The City lacks proper internal controls over financial reporting

The audit fieldwork disclosed that the City has a multitude of issues that reflects improper internal controls over financial reporting.

The City did not make prior year audit entries. Therefore, the financial data in which the City relies upon for daily operations is incorrect.

The Governmental Funds and the Proprietary Fund accounting ledgers are commingled. Therefore, expenditures paid by the Governmental Funds on behalf of the Proprietary Fund are recorded as expenditures of the Proprietary Fund, as if paid by the Proprietary Fund. Monies deposited in the Proprietary Fund are recorded as Governmental Funds revenue. Actual revenue and expenditures for the Governmental Funds and the Proprietary Fund are extremely skewed and difficult to differentiate.

It is recommended that the City make all journal entries prepared by the auditor in order to ensure the financial data from which daily operations are conducted be correct.

It is recommended that the City maintain separate accounting ledgers for the Governmental Funds and Proprietary Fund to prevent transactions from being miscoded.

It is also recommended that the City hire a contract accountant.

Management's Response

The City agrees with the above finding and will ensure that proper procedures are performed to desegregate accounting ledgers.

SCHEDULE OF FINDINGS AND RESPONSES (continued)

2013-4 Excessive loans to the Proprietary Fund

The audit fieldwork disclosed that the Governmental Funds are excessively loaning money to the Proprietary Fund. A Proprietary Fund is defined as a self-sustaining stand-alone fund.

Also, the proper internal balances accounts are not maintained correctly. Any expenditures paid by Governmental Funds on behalf of the Proprietary Fund are to be recorded as due to the Governmental Fund from the Proprietary Fund.

The result of improper recording of internal balances is that the financial statements are misleading to the users of such statements and that funds are not properly charged expenses.

It is recommended that the City correctly record all transactions paid on behalf of the Proprietary fund and any repayments as applicable.

Management's Response

The City agrees with the above finding and will ensure that proper procedures are enacted to reduce Proprietary Fund support and begin repayment of funds already borrowed.

City of Oak Park
Oak Park, Georgia

December 31, 2013

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

2012-1 Expenditures over Appropriations
See finding 2013-1.

2012-2 The City lacks proper internal control procedures for all funds.
See Finding 2013-2.