CITY OF OAKWOOD, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

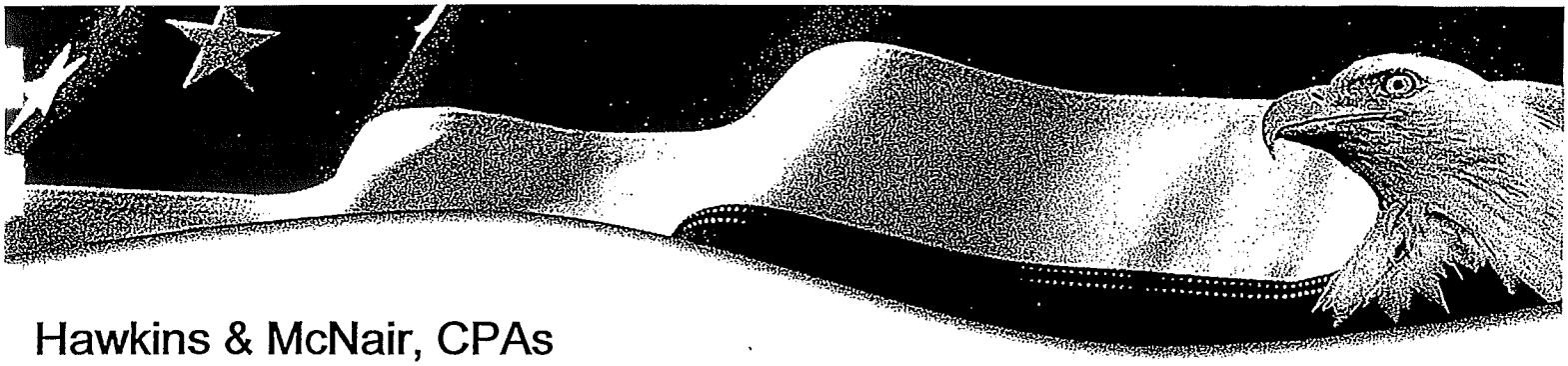
CITY OF OAKWOOD, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

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Hawkins & McNair, CPAs

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INDEPENDENT AUDITOR'S REPORT

To the City of Oakwood
Oakwood, 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 Oakwood, Georgia, (City) 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

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

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

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

Opinions

In our opinion, 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 as of December 31, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information in section A and D respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hawkins & McNair, CPAs
Winder, Georgia
June 20, 2014

City of Oakwood, Georgia
Management's Discussion and Analysis
Year Ended December 31, 2013

The Management's Discussion and Analysis (MD&A) section offers readers of the City of Oakwood's financial statements a narrative overview and analysis of the financial activities of the City for the year ended December 31, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in this report.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2013 by $15,199,905 (net position); of this amount $1,242,459 is unrestricted net position. The government's total net position decreased by $117,012 during the year ended December 31, 2013.

- As of December 31, 2013, the City's governmental funds reported combined ending fund balances of $212,269 a decrease of $523,106 in comparison with the prior year.

- The unassigned fund balance for the governmental funds at December 31, 2013 was a negative $4,139. The reserved governmental funds balance at December 31, 2013 was $196,421 and the nonspendible fund balance was $19,987.

- The City's long-term liabilities experienced a net decrease of $464,614 during the year ended December 31, 2013. This decrease was primarily due to principal repayments.

- 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 comprise 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 overview of the City's finances, in a manner similar to a 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 and decreases in assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that were principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets and recreation. The business-type activities of the City include sewer services.

The government-wide financial statements can be found on pages B1-B3 of this report.

Fund financial statements: A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 the near-term inflows and outflows of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing

decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds (general fund, hotel/motel tax fund, TAD fund and SPLOST fund). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The City adopts an annual appropriated budget for the general fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on page B4-B7 of this report.

Proprietary funds: The City maintains just 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 sewer activities.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide information for one enterprise fund which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages B8-B9 of this report.

Notes to the 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 statements can be found in section C of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found in section D of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $15,199,905 at the close of the most recent year. The following table provides a comparative summary of the City's net assets as of December 31, 2013 and 2012:

City of Oakwood – Net Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 713	$ 1,228	$ 709	$ 1,388	$ 1,422	$ 2,616
Capital assets	17,405	16,648	11,299	11,444	28,704	28,092
Total assets	$ 18,118	$ 17,876	$ 12,008	$ 12,832	$ 30,126	$ 30,708
Long-term Liabilities outstanding	$ 5,627	$ 5,839	$ 9,241	$ 9,495	$ 14,868	$ 15,334
Other liabilities	58	50	-	7	58	57
Total Liabilities	5,685	5,889	9,241	9,502	14,926	15,391
Net position:						
Invested in capital assets, net of related debt	11,778	10,809	2,058	1,949	13,836	12,758
Restricted for capital projects	122	197	-	-	122	197
Unrestricted	533	981	709	1,381	1,242	2,362
Total net assets	12,433	11,987	2,767	3,330	15,200	15,317
Total liabilities and net position	$ 18,118	$ 17,876	$ 12,008	$ 12,832	$ 30,126	$ 30,708

A portion of the City's net position (91%) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position $1,242,459 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all categories of net position. The same situation held true for the prior year.

The government's net position decreased by $117,012 during the current year.

City of Oakwood – Changes in Net Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 894	$ 1,167	$ 17	$ 71	$ 911	$ 1,238
Capital grants and contributions	1,106	496	-	-	1,106	496
General revenues:						
Property tax	666	656	-	-	666	656
Local option sales tax	449	442	-	-	449	442
Insurance premium tax	205	198				
Alcoholic beverage taxes	305	301				
Franchise tax	212	215	-	-	212	215
Other taxes	86	93	-	-	86	93
Loss on sale of capital assets	-	(271)	-	-	-	(271)
Other	-	1	-	-	-	1
Total revenues	3,923	3,298	17	71	3,430	2,870
Expenses (net of indirect costs):						
General administrative & management	632	696	-	-	632	696
Public safety	1,526	1,493	-	-	1,526	1,493
Streets	734	460	-	-	734	460
Solid waste	45	47	-	-	45	47
Economic development	68	160	-	-	68	160
Planning & development	166	182	-	-	166	182
Community services	57	61	-	-	57	61
Sewer	-	-	580	539	580	539
Interest on long-term debt	249	282	-	-	249	282
Total expenses	3,477	3,381	580	539	4,057	3,920
Increase in net position before transfers	446	(83)	(563)	(468)	(117)	(551)
Transfers	-	220	-	(220)	-	-
Increase in net position	446	137	(563)	(688)	(117)	(551)
Net position - Jan 1	11,987	11,850	3,330	4,018	15,317	15,868
Net position - Dec 31	$ 12,433	$ 11,987	$ 2,767	$ 3,330	$ 15,200	$ 15,317

Governmental activities: Governmental activities increased the City's net position by $445,838. This is a $309,465 increase compared to prior years increase in net position. Key elements of this increase are as follows:

- Capital grants and contributions increased by $910,891 (184%)
- Charges for services decreased by $273,871 (23%)
- Expenditures increased by $95,835 (3%)
- General tax revenues in increased by $17,411 (1%)

Mostly, increases in expenses closely paralleled inflation and growth in the demand for services. However, overall governmental activity expenses increased by $95,835 (3 percent) mainly due to increases in public safety and streets.

Financial Analysis of the Government's Fund

As noted earlier, the City uses fund accounting to insure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of $212,269, a decrease of $523,106 in comparison with the prior year. None of the fund balance is classified as unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was a negative $4,139. As a measure of the general fund's liquidity, it would be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 0% of the total expenditures.

The fund balance of the City's general fund decreased by $522,640 during the current year. General fund expenditures exceeded revenues by $921,496 during the current year. Key factors in this activity are as follows:

- Revenues increased by $278,260 (9%)
- Expenditures decreased by $111,890 (25%)

Expenditures continue to outpace revenues year over year, however, at a slightly lower rate in 2013 compared to 2012.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Fund assets are earmarked (but not legally restricted) for capital improvements and debt service in future years.

General Fund Budgetary Highlights

The difference between the original budget appropriations and the final amended budget appropriation for expenditures and transfers was $432,742. The City significantly increased the public services capital outlay budget due to capital projects funding received in 2013 helping the City move forward with new capital projects. Other budget revisions are proposed to closely match revenues and expenditures. No budget revisions are expected to have a significant effect on future services or liquidity.

Capital Asset and Debt Administration

Capital Assets: The City's investments in capital assets for its governmental and business-type activities as of December 31, 2013, amounted to $28,703,859 (net of accumulated depreciation). The investment in capital assets includes land; furniture, machinery and equipment and construction in process. The total decrease in the City's investment in capital assets for the current fiscal year was 1%; mostly due to land sales, construction in process, improvements other than buildings and depreciation. The construction in process in the governmental fund includes infrastructure assets. The proprietary fund construction in process is the new sewer system.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of December 31, 2013 and 2012:

City of Oakwood – Capital Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 5,386	$ 5,386	$ -	$ -	$ 5,386	$ 5,386
Plants and buildings	1,546	1,538	-	-	1,546	1,538
Improvements other than buildings	10,711	3,359	5,865	5,863	16,576	9,222
Machinery, equipment, fixtures & vehicles	1,645	1,645	-	-	1,645	1,645
Construction in process	1,242	7,410	6,346	6,298	7,588	13,708
Less accumulated depreciation	(3,125)	(2,690)	(912)	(717)	(4,037)	(3,407)
Total	$ 17,405	$ 16,648	$ 11,299	$ 11,444	$ 28,704	$ 28,092

Additional information on the City's capital assets can be found in the Notes to the Financial Statements in Section C of this report.

Long-term debt: As of December 31, 2013, the City had total debt outstanding of $14,867,977.

The following table summarizes outstanding debt of the City as of December 31, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Notes payable	$ 2,527	$ 2,739	$ 9,241	$ 9,495	$ 11,768	$ 12,234
Capital lease	-	-	-	-	-	-
Bonds payable	3,100	3,100	-	-	3,100	3,100
	$ 5,627	$ 5,839	$ 9,241	$ 9,495	$ 14,868	$ 15,334

City of Oakwood – Outstanding Debt ($000)

(General obligation bonds, notes, revenues bonds and contractual obligations)

The City's total debt decreased by $464,614 (3%) during 2013. The increase was due mostly to principal repayments.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements in Section C of this report.

Economic Factors and Next Year's Budgets and Rates

The City considered the current year results as well as other factors in preparing the City of Oakwood's Budget for the 2013 year. The 2013 budget is a balanced budget with current revenues covering current expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City of Oakwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Office of the City Clerk, City of Oakwood, P.O. Box 99, Oakwood, Georgia 30566.

City of Oakwood, Georgia
Statement of Net Position
As of December 31, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 222,016	$ 218,922	$ 440,938	$ -
Property tax receivables	430,405	-	430,405	-
Other taxes receivable	34,198	-	34,198	-
Note Reveivable	442,500	-	442,500	-
Interest, dividends, and royalties receivable	-	-	-	-
Internal Balances	(490,332)	490,332	-	-
Other	-	-	-	-
Receivable from other governments	53,730	-	53,730	-
Other receivables	-	-	-	-
Prepaids	19,987	-	19,987	-
Capital assets:				
Land and construction in progress	6,628,726	6,346,345	12,975,071	-
Other capital assets, net of accumulated depreciation	10,776,185	4,952,603	15,728,788	-
Total assets	**$ 18,117,415**	**$ 12,008,202**	**$ 30,125,617**	**$ -**
LIABILITIES				
Accounts payable	$ 32,194	$ -	$ 32,194	$ -
Payroll Tax Payable	1,433	-	1,433	-
Other liabilities	24,108	-	24,108	
Interest payable	-	-	-	-
Bonds payable - current	263,300	-	263,300	-
Notes, lease obligations, and estimated claims payable, current	2,306,726	392,204	2,698,930	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Payable to primary government, non-current	-	-	-	-
Intergovernmental payable	-	-	-	-
Notes, lease obligations, and estimated claims payable, non-current	220,384	8,848,613	9,068,997	-
Bonds payable, non-current	2,836,750	-	2,836,750	-
Total liabilities	**$ 5,684,895**	**$ 9,240,817**	**$ 14,925,712**	**$ -**
NET POSITION				
Net investment in capital assets	$ 11,777,751	$ 2,058,131	$ 13,835,882	$ -
Restricted for capital projects	121,564	-	121,564	-
Unrestricted	533,205	709,254	1,242,459	-
Total net position	**$ 12,432,520**	**$ 2,767,385**	**$ 15,199,905**	**$ -**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Activities
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
Primary government:					
Governmental activities:					
General government	$ 631,560	$ 211,369	$ -	$ -	$ (420,191)
Public Safety	1,525,591	636,450	-	-	(889,141)
Streets	734,420	-	-	704,013	(30,407)
Solid Waste	44,631	-	-	-	(44,631)
Economic Development	68,385	-	-	402,424	334,039
Planning & Development	166,136	-	-	-	(166,136)
Community Services	57,589	45,805	-	-	(11,784)
Interest on long-term debt	248,953	-	-	-	(248,953)
Total governmental activities	$ 3,477,265	$ 893,624	$ -	$ 1,106,437	$ (1,477,204)
Business-type activities:					
Sewer System	$ 579,728	$ 16,868	$ -	$ -	$ (562,860)
Total primary government	$ 4,056,993	$ 910,492	$ -	$ 1,106,437	$ (2,040,064)

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Activities (Continued)
Year Ended December 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in Assets:			
Net (expense) revenue	$ (1,477,204)	$ (562,840)	$ (2,040,044)
General revenues:			
Taxes:			
Property Tax	$ 665,538		$ 665,538
Local Option Sales	449,210	-	449,210
Insurance Premium Tax	204,828	-	204,828
Alcoholic Beverage Taxes	304,750	-	304,750
Franchise taxes (fees)	212,227	-	212,227
Other taxes	86,255	-	86,255
Unrestricted investment income	224	-	224
Loss on sale of capital assets	-	-	-
Miscellaneous	-	-	-
Transfers	$ 10	$ (10)	$ -
Total general revenues and transfers	$ 1,923,042	$ (10)	$ 1,923,032
Change in net position	$ 445,838	$ (562,850)	$ (117,012)
Net position—beginning	11,986,682	3,330,235	15,316,917
Net position—ending	$ 12,432,520	$ 2,767,385	$ 15,199,905

See accompanying notes to financial statements.

City of Oakwood, Georgia
Balance Sheet -- Governmental Funds
As of December 31, 2013

	General	Hotel/Motel Tax Fund	TAD Fund	SPLOST Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 100,452	$ -	$ 120,563	$ 1,001	$ 222,016
Property taxes receivable	430,405	-	-	-	430,405
Other tax receivable	34,198	-	-	-	34,198
Interest, dividends, and royalties	-	-	-	-	-
Due from other funds	-	-	74,857	-	74,857
Receivable from other governments	53,730	-	-	-	53,730
Prepaids	19,987	-	-	-	19,987
Restricted assets:					
Cash	-	-	-	-	-
Investments	-	-	-	-	-
Notes receivable, non-current	-	-	-	-	-
Total assets	**$ 638,772**	**$ -**	**$ 195,420**	**$ 1,001**	**$ 835,193**
LIABILITIES and FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 32,194	$ -	$ -	$ -	$ 32,194
Payroll tax	1,433	-	-	-	1,433
Due to other funds	565,189	-	-	-	565,189
Payable to component units	-	-	-	-	-
Interest payable	-	-	-	-	-
Other	24,108	-	-	-	24,108
Liabilities payable from restricted assets:					
Accounts payable	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	**$ 622,924**	**$ -**	**$ -**	**$ -**	**$ 622,924**
FUND BALANCES					
Non-spendable prepaid Expense	$ 19,987	$ -	$ -	$ -	$ 19,987
Restricted for Capital Projects	-	-	195,420	1,001	196,421
Unassigned	(4,139)	-	-	-	(4,139)
Total fund balances	**$ 15,848**	**$ -**	**$ 195,420**	**$ 1,001**	**$ 212,269**
Total liabilities and fund balances	**$ 638,772**	**$ -**	**$ 195,420**	**$ 1,001**	**$ 835,193**

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE
SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2013

CITY OF OAKWOOD, GEORGIA

Total fund balance - total governmental funds		
Amounts reported for *governmental activities* in the statement of net position are different because:	$	212,269
Debt principal is a liability in the governmental activities but is not shown in Governmental Funds. Also see Note III.B.2. for additional detail.	$	(5,627,160)
Long-term note receivable is not current financial resources and therefore are not reported in the funds. See note III.A.2 for additional detail.	$	442,500
Capital assets of $ 20,530,670, net of accumulated depreciation of ($ 3,125,759), are not financial resources and, therefore, are not reported in the funds. See Note III.A.4. for additional detail	$	17,404,911
Net position of governmental activities.	$	12,432,520

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Revenues, Expenditures,
and Changes in Fund Balances--
Governmental Funds
Year Ended December 31, 2013

	General	Hotel/Motel Tax Fund	TAD Fund	SPLOST Fund	Total Governmental Funds
REVENUES					
Property Tax	$ 665,538	$ -	$ -	$ -	$ 665,538
Local Option Sales Tax	449,210	-	-	-	449,210
Insurance Premium	204,828	-	-	-	204,828
Alcoholic Beverage Taxes	304,750	-	-	-	304,750
Franchise taxes (fees)	212,227	-	-	-	212,227
Other Taxes	22,806	63,449	-		86,255
Licenses and permits	211,369	-	-	-	211,369
Fines and forfeitures	636,450	-	-	-	636,450
Investment income	-	-	205	19	224
Intergovernmental	275,936	-	-	428,077	704,013
Rental Fees	45,805	-	-	-	45,805
Other	362,196	-	40,228	-	402,424
Total revenues	**$ 3,391,115**	**$ 63,449**	**$ 40,433**	**$ 428,096**	**$ 3,923,093**
EXPENDITURES					
Current:					
General government	$ 626,778	$ -	$ -	$ -	$ 626,778
Police	1,483,777	-	-	-	1,483,777
Highways/Street	1,464,027	-	-	-	1,464,027
Solid waste	37,810	-	-	-	37,810
Economic Development	68,385	-	-	-	68,385
Planning & Development	166,136	-	-	-	166,136
Community Services	59,537	-	-	-	59,537
Capital Outlay	-	-	-	79,026	79,026
Debt Service	406,161	-	54,572	-	460,733
Total expenditures	**$ 4,312,611**	**$ -**	**$ 54,572**	**$ 79,026**	**$ 4,446,209**
Excess (deficiency) of revenues over (under) expenditures	**$ (921,496)**	**$ 63,449**	**$ (14,139)**	**$ 349,070**	**$ (523,116)**
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	$ -	$ -	$ -	$ -	$ -
Transfers to Other Funds	(17,107)	(63,449)	-	(352,504)	(433,060)
Transfers from Other Funds	415,963	-	17,107	-	433,070
Loan Proceeds	-	-	-	-	-
Net change in fund balances	**$ (522,640)**	**$ -**	**$ 2,968**	**$ (3,434)**	**$ (523,106)**
Fund balances, beginning	**538,488**	**-**	**192,452**	**4,435**	**735,375**
Fund balances, ending	**$ 15,848**	**$ -**	**$ 195,420**	**$ 1,001**	**$ 212,269**

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

CITY OF OAKWOOD, GEORGIA

Net change in fund balances - total governmental funds	$	(523,106)
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report principal payments on debt as expenditures. However, in the statement of net position these payments are shown as a reduction in long-term debt.	$	211,780
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $ 1,240,075 exceeded depreciation of ($ 482,911) in the current period.	$	757,164
Change in net position of governmental activities.	$	445,838

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2013

	Sewer	Total Enterprise Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 218,922	$ 218,922
Accounts receivable, net	-	-
Interest, dividends, and royalties receivable	-	-
Due from other funds	490,332	490,332
Receivables from component units	-	-
Intergovernmental receivables	-	-
Prepaids	-	-
Total current assets	$ 709,254	$ 709,254
Restricted assets-non-current		
Cash and cash equivalents	$ -	$ -
Investments	-	-
Interest receivables	-	-
Total restricted assets-non-current	$ -	$ -
Other Non-current assets:		
Loan origination fees	$ -	$ -
Receivables from component units, non-current	-	-
Capital assets:		
Land and construction in progress	6,346,345	6,346,345
Other capital assets, net of accumulated depreciation	4,952,603	4,952,603
Total other non-current assets	11,298,948	11,298,948
Total assets	**$ 12,008,202**	**$ 12,008,202**
LIABILITIES		
Current Liabilities		
Accounts payable	$ -	$ -
Due to other funds	-	-
Accrued interest payable	-	-
Notes and lease obligations, current	392,204	392,204
Customer Deposits	-	-
Total current liabilities	$ 392,204	$ 392,204
Liabilities payable from restricted assets:		
Bond interest payable, current	$ -	$ -
Bonds payable, current	-	-
Total liabilities payable from restricted assets	$ -	$ -
Non-current liabilities:		
Notes and lease obligations,non-current	$ 8,848,613	$ 8,848,613
Bond interest payable, non-current	-	-
Bond payable, non-current	-	-
Total non-current liabilities	8,848,613	8,848,613
Total liabilities	**$ 9,240,817**	**$ 9,240,817**
NET POSITION		
Net investment in capital assets	$ 2,058,131	$ 2,058,131
Unrestricted (deficit)	709,254	709,254
Total net position	**$ 2,767,385**	**$ 2,767,385**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Revenues, Expenses,
and Changes in Net Position
Proprietary Funds
December 31, 2013

	Sewer	Total Enterprise Funds
OPERATING REVENUES		
Charges for services:		
Capacity/Connection charges	$ 16,868	$ 16,868
Total charges for service	16,868	16,868
Total operating revenues	$ 16,868	$ 16,868
OPERATING EXPENSES		
Personal services	$ -	$ -
Maintenance, operations, and contractual services	22,203	22,203
Materials, supplies, and other	-	-
Depreciation	195,463	195,463
Total operating expenses	217,666	217,666
Operating income (loss)	**$ (200,798)**	**$ (200,798)**
NON-OPERATING REVENUE (EXPENSES)		
Investment income	$ -	$ -
Interest on bonds, notes and lease obligations	(362,042)	(362,042)
County Grant	-	-
Total non-operating revenue (expenses)	$ (362,042)	$ (362,042)
Income (loss) before contributions and transfers	**$ (562,840)**	**$ (562,840)**
Capital contributions from developers	$ -	$ -
Capital contributions, other	-	-
Transfers from other funds	-	-
Transfers to other funds	(10)	(10)
Change in net position	$ (562,850)	$ (562,850)
Total net position, beginning	3,330,235	3,330,235
Total net position, ending	**$ 2,767,385**	**$ 2,767,385**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Cash Flows
Proprietary Funds
December 31, 2013

	Sewer	Total Enterprise Funds
Cash flows from operating activities:		
Cash received from customers	$ 16,868	$ 16,868
Cash payments to suppliers for goods and services	(519,490)	(519,490)
Cash payments to employees	-	-
Net cash provided (used) by operating activities	**$ (502,622)**	**$ (502,622)**
Cash flows from non-capital financing activities:		
Grants received	$ -	$ -
Transfers from other funds	-	-
Transfers to other funds	(10)	(10)
Payments from component units	-	-
Net cash provided (used) by non-capital financing activities	**$ (10)**	**$ (10)**
Cash flows from capital and related financing activities:		
New Borrowings	$ 42,879	$ 42,879
Sales Tax Proceeds from developers	-	-
Principal paid on bonds, notes, and lease obligations	(296,714)	(296,714)
Acquisition of capital assets	(50,219)	(50,219)
Interest paid on bonds, notes, and lease obligations	(362,042)	(362,042)
Proceeds from sale of capital assets	-	-
Capital contributions	-	-
Capital grants received	-	-
Net cash provided (used) by capital and related financing activities	**$ (666,096)**	**$ (666,096)**
Cash flows from investing activities:		
Purchase of investments	$ -	$ -
Proceeds from sale of investments	-	-
Investments income	-	-
Net cash provided (used) by investing activities	**$ -**	**$ -**
Net increase (decrease) in cash and cash equivalents	**$ (1,168,728)**	**$ (1,168,728)**
Cash and cash equivalents at beginning of year	**$ 1,387,650**	**$ 1,387,650**
Cash and cash equivalents at end of year	**$ 218,922**	**$ 218,922**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Cash Flows
Increase (Decrease) in Cash and
Cash Equivalents
Proprietary Funds
December 31, 2013

	Sewer	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (200,798)	$ (200,798)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	$ 195,463	$ 195,463
Non-cash operating revenue (expenses)	-	-
Non-operating revenue (expenses)	-	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	-	-
(Increase) decrease in due from other funds	(490,332)	(490,332)
Increase (decrease) in Accounts Payable	(6,955)	(6,955)
Increase (decrease) in accrued interest payable	-	-
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in customer deposits	-	-
Increase (decrease) in other liabilities	-	-
Total adjustments	(301,824)	(301,824)
Net cash provided (used) by operating activities	**$ (502,622)**	**$ (502,622)**
Non-cash investing, capital, and financing activities:		
Net increase (decrease) in fair value of investments	$ -	$ -
Deferred interest expense on revenue bonds	-	-
Capital assets contributed by developers	-	-
Lessee improvements	-	-
Total non-cash investing, capital, and financing activities	$ -	$ -

See accompanying notes to financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of The City of Oakwood, GA are discussed in subsequent sections of this Note. The remainders of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended December 31, 2013.

I. B. FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

I. B. 1. COMPONENT UNITS

The City of Oakwood, GA operates under a council/manager form of government and provides the following services: Public Safety, Streets, Recreation, and General and Administrative services. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City had no such component units as of December 31, 2013.

I. B. 2. RELATED ORGANIZATIONS

Related Organizations	Brief Description of Activities and Relationship to the City.
Housing Authority of the City of Oakwood (HACO)	Administer Federal funding and/or other financing for improvements of housing conditions in the City. The Governing Board is appointed by the City Council. The City has no significant influence over the management, budget, or policies of HACO. The Authority reports independently.

I. B. 3. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary funds and component units that are fiduciary in nature, such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed 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 activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to user of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund Financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns of non-major funds.

I. B. 4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Reimbursements are reported as reductions to expenses. Proprietary and fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits are recognized when due and payable in accordance with the terms of the plan. See Note VI.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received. See Note III. A. 2. for related information.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Allocation of Indirect Expenses

The City does not allocate indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services

I. B. 5. FUND TYPES AND MAJOR FUNDS

The City reports the following major governmental funds:

General Fund – Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Hotel/Motel (Special Revenue) Tax Fund – Reports the financial resources and expenditures of the Hotel/Motel taxes.

Tax Allocation Fund (TAD) – Accounts for tax allocation funds from the City and County to be used for land acquisition and capital project in the TAD district.

SPLOST Fund (Capital Projects Fund) – Reports financial resources related to Special Purpose Local Option Sales Tax.

Proprietary Funds

Sewer Fund – reports resources related to the activities of the sewer system.

Other Fund Types

-NONE-

I. C. ASSETS, LIABILITIES, AND NET POSITION

I. C. 1. CASH AND INVESTMENTS

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Cash deposits are reported at carrying amount which reasonably estimates fair value.

I. C. 2. INVENTORIES AND PREPAIDS

Inventories are not recorded by the City. Purchases of supplies (maintenance, office, etc.) are charged to expense when increased.

Prepaids record payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepaids are similarly reported in government-wide and fund financial statements.

I. C. 3. CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets except that infrastructure assets purchased prior to January 1, 2004 have not been recorded. Donated assets are stated at fair value on the date donated. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method and generally includes items with a cost of $ 500 or more. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30
Building Improvements	30
Improvements, other than building	12
Equipment / Computers	5-7
Furniture and fixtures	7
Vehicles	5-7
Infrastructure	20

I. C. 4. CAPITALIZED INTEREST

Interest costs are capitalized on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. C. 5. LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS

Long Term Debt outstanding consisted of the following:

-- Bond payable for $ 3,500,000 dated 12/16/07 to provide funding for Road projects. The bonds call for interest only payments semi-annually commencing 06/01/08 through 06/01/11. Principal and interest is then due in varying amounts from 12/01/11 through 12/01/20 at a rate of 4.41% per annum.

--Note payable to GEFA in the original amount of $ 8,439,410 (GEFA Note A). The note calls for 240 monthly payments of $ 51,945 at 4.18% per annum. The principal amount due at 12/31/13 was $ 7,652,327.

--Note payable to GEFA in the original amount of $ 3,397,683 (GEFA Note B). Once all funds have been drawn down, the note calls for 240 monthly payments of $ 20,913 at 4.18% per annum. As of 12/31/13 the City had drawn down $ 668,279, plus accrued construction interest of $ 920,212 was added to the principal making a total of $ 1,588,491.

--Note payable for $655,454 to purchase a four (4) acre tract of land. This note calls for interest only payments with a floating interest rate of 5.5% (floor) to 6.95% (ceiling). The note matured 12/31/10 but has four (4) renewal options of one year each. The note is reflected as a current liability on the financial statements.

--Note payable for $1,480,000 to purchase seventeen and a half (17.5) acres of land. This note calls for interest only payments of $4,933 per month until the note matures on January 30, 2014 at which time the principal will be due.

--Two promissory notes, one in the amount of $ 90,000 and the other for $ 1,050,100 to purchase twenty eight (28) acres for future development. The $ 90,000 note was due and payable in 45 days from the date of the note at 0.0% interest. The $ 1,050,100 note calls for quarterly payments of $ 58,191.62 beginning 10/01/10 and continuing until paid in full on or before 07/01/15. The note carries an interest rate of 4.0% per annum.

I. C. 6. FUND EQUITY

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

Fund Balance Classification Policies and Procedures

For the classification of fund balances: (1) the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) committed amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

I. D. REVENUES, EXPENDITURES, AND EXPENSES

I. D. 1. LEASE REVENUE

The City did not lease any of its facilities.

I. D. 2. COMPENSATED ABSENCES

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time employees to specified maximums. Generally, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The City did not record a liability for accumulated vacation at December 31, 2013.

I. D. 3. HOTEL/MOTEL TAX

During the current year, the City collected a total of $ 63,449 in hotel/motel excise tax. As required by O.C.G.A. 48-1-54, these finds were used to promote tourism in the area, by funding the Lake Lanier Convention and Visitors Bureau. Funds expended for the current year was $ 26,527 or 42% of receipts.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

II. A. DEFICIT FUND NET POSITION

Primary Government

-NONE-

II. B. BUDGETARY INFORMATION

II. B. 1. BUDGET POLICY AND PRACTICE

Each year, Management prepares a proposed budget for consideration by the City Council. Prior to the beginning of the new fiscal year, the City holds budget hearings seeking comments and fielding questions from its citizens. After consideration of all comments and a review of the proposed budget, the City Council either approves the original proposed budget or a revised budget, after making appropriate changes.

II. B. 2. BASIS OF BUDGETING

The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions were made to the original budget.

The City adopted budgets for the general, Hotel/Motel Tax and SPLOST funds on a basis which approximates generally accepted accounting principles (GAAP) as applied to local governments.

II. B. 3. MATERIAL VIOLATIONS OF FINANCE-RELATED LEGAL PROVISIONS

The City did not exceed its expenditure budget in any department.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

III. A. ASSETS

III. A. 1. DEPOSITS AND INVESTMENTS (*in thousands)*

Deposits

It is the City's policy for deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end.

The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary Government					
Governmental Activities					
General Fund	108,223	-0-	-0-	108,223	100,452
SPLOST Fund	1,001	-0-	-0-	1,001	1,001
TAD Fund	120,563	-0-	-0-	120,563	120,563
Business-Type Activities					
Sewer Fund	218,922	-0-	-0-	218,922	218,922

Investments

Generally, the City's investing activities are managed under the custody of the City Manager. Investing is performed in accordance with investment policies complying with state statutes and the City Charter. City funds may be invested in: (1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged; (2) obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank or Federal home loan bank notes or bonds; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations and credit unions located in the City when secured by appropriate collateral; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the United States government, its agencies and instrumentalities, (5) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized (domestic securities) and restrictions as specified in state law; (6) State and Local Government Series (SLGS); and (7) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment.

The City had no investments at December 31, 2013.

III. A. 2. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Enterprise Receivables, Uncollectible Accounts, and Deferred Revenue

-NONE-

Property Taxes Receivables, Deferred Revenue, and Property Tax Calendar

Property taxes attach as an enforceable lien on property at the City council's direction. Taxes are generally levied on December 1st of each year, and are due and payable by February 1st. All unpaid taxes become delinquent and subject to lien on February 1st. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectibility is improbable.

Note Receivable

On the statement of net position, the City shows a Note Receivable in the amount of $ 442,500. This is a result of selling 8.75 acres of land for $ 843,090 less $ 395,590 (construction allowance), a net of $ 447,500 less earnest money of $5,000. The terms were as follows:

Annual Interest Rate:	4%
Monthly payments of interest only	2/1/13-1/1/16
Monthly payments for 17 years	$ 1,475
Term	20 years

The City collected $ 16,225 in payments (11 X $1,475) during the current year.

III. A. 3. RESTRICTED ASSETS

There are currently no restricted assets.

(Continued on next page)

III. A. 4. CAPITAL ASSETS

Changes in Capital Assets

The following table provides a summary of changes in capital assets (in thousands):

	CAPITAL ASSETS, NOT DEPRECIATED		CAPITAL ASSETS, DEPRECIATED			
	Land	Construction in Progress	Buildings	Improvements Other Than Buildings	Furniture, Machinery and Equipment	Total
Primary Government						
Governmental Activities						
Balance, December 31, 2012	$5,386	$ 7,410	$ 1,538	$ 3,359	$ 1,645	$ 19,338
Increases	-	94	8	7,353	-	7,455
Decreases	-	(6,262)	-	(1)	-	(6,263)
Balance, December 31, 2013	5,386	1,242	1,546	10,711	1,645	20,530
Accumulated Depreciation						
Balance, December 31, 2012	$ -	$ -	$ 526	$ 797	$ 1,367	$ 2,690
Increases	-	-	54	342	86	482
Decreases	-	-	-	(47)	-	(47)
Balance, December 31, 2013	-	-	580	1,092	1,453	3,125
Governmental Activities						
Capital Assets, Net	$5,386	$ 1,242	$ 966	$ 9,619	$ 192	$ 17,405
Business-type Activities						
Balance, December 31, 2012	$ -	$ 6,298	$ -	$ 5,863	$ -	$ 12,161
Increases	-	48	-	2	-	50
Decreases	-	-	-	-	-	-
Balance, December 31, 2013	-	6,346	-	5,865	-	12,211
Accumulated Depreciation						
Balance, December 31, 2012	$ -	$ -	$ -	$ 717	$ -	$ 717
Increases	-	-	-	195	-	195
Decreases	-	-	-	-	-	-
Balance, December 31, 2013	-	-	-	912	-	912
Business-type Activities						
Capital Assets, Net	$ -	$ 6,346	$ -	$ 4,953	$ -	$ 11,299
Primary Government						
Capital Assets, Net	$5,386	$ 7,588	$ 966	$ 14,572	$ 192	$ 28,704

Depreciation Expense

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

Governmental Activities		Business-type Activities	
General Government	$ 67,700	Sewer	$ 195,463
Police	41,814		
Community Services	5,942		
Streets	360,634		
Solid waste	6,821		
Total	$ 482,911		

III. B. LIABILITIES

III. B. 1. LEASE COMMITMENTS AND NOTES PAYABLE

See Note I.C.5.

III. B. 2. LONG-TERM DEBT

Changes in General Long – Term Debt

The following is a summary of changes in long – term debt for the year ended December 31, 2013:

	Land Purchase # 1	Land Purchase #2	Series 2007 Bonds	$ 1,050,100 Note
Balance December 31, 2012	$ 655,454	$ 1,480,000	$ 3,100,050	$ 603,435
Additions	-	-	-	-
Retirements	-	-	-	(211,779)
Balance December 31, 2013	$ 655,454	$ 1,480,000	$ 3,100,050	$ 391,656

	Business-type Activities	
	GEFA Note A	GEFA Note B
Balance December 31, 2012	$ 7,949,041	$ 1,545,611
Additions	-0-	42,880
Retirements	(296,714)	-0-
Balance December 31, 2013	$ 7,652,327	$ 1,588,491

5–year debt service requirement for the GEFA loan A:

Fiscal Year End	Principal	Interest	Total
12/31/2014	309,357	313,985	623,342
12/31/2015	322,539	300,803	623,342
12/31/2016	336,282	287,060	623,342
12/31/2017	350,611	272,731	623,342
12/31/2018-12/31/2022	1,990,294	1,126,416	3,116,710
12/31/2023-12/31/2027	2,452,038	664,672	3,116,710
12/31/2028-12/31/2031	1,891,206	134,655	2,025,861
Total	7,652,327	3,100,322	10,752,649
Short Term	309,357		
Long term	7,342,970		

5-year debt service requirement for the GEFA Loan B when totally funded is as follows:

Fiscal Year End	Principal	Interest	Total
12/31/2014	82,847	105,370	188,217
12/31/2015	114,574	136,382	250,956
12/31/2016	119,456	131,500	250,956
12/31/2017	124,546	126,410	250,956
12/31/2018-12/31/2022	707,004	547,774	1,254,778
12/31/2023-12/31/2027	871,027	383,751	1,254,778
12/31/2028-12/31/2032	1,073,104	181,674	1,254,778
12/31/2033 12/31/2034	305,124	8,590	313,714
Total	3,397,682	1,621,451	5,019,133
Short Term	82,847		
Long Term	3,314,835		

(Continued on next page)

Debt service on the $ 3.5 million series 2007 Bonds is as follows:

Fiscal Year End	Principal	Interest	Total
12/31/2014	263,300	136,712	400,012
12/31/2015	274,900	125,100	400,000
12/31/2016	337,000	112,978	449,978
12/31/2017	351,900	98,116	450,016
12/31/2018	417,400	82,598	499,998
12/31/2019-12/31/2021	1,455,550	132,082	1,587,632
Total	3,100,050	687,586	3,787,636
Short Term	263,300	136,712	400,012
Long Term	2,836,750	550,874	3,387,624

Debt Service requirements for the Land Purchase #1 are as follows:

Year End	Principal	Interest	Total
12/31/2013	$ 655,454	$ 36,050	$ 691,504

Debt Service requirements for the Land Purchase #2 are as follows:

Year End	Principal	Interest	Total
12/31/2013	$1,480,000	$ 59,200	$ 1,539,200

Debt Service requirements for the $ 1,050,100 note are as follows:

Year End	Principal	Interest	Total
12/31/14	220,384	12,382	232,766
12/31/15	171,272	3,320	174,592
Total	391,656	15,702	407,358
Short Term	220,384	12,382	232,766
Long Term	171,272	3,320	174,592

III. B. 3. RISK MANAGEMENT – CLAIMS AND JUDGMENTS

The City is exposed to various risks of losses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

All significant programs are covered by commercial insurance and no significant changes have occurred in coverage during the past three years. During the year ended December 31, 2013, the City paid 0 claims. The City is not aware of any claims which the City is liable for which were outstanding and unpaid at December 31, 2013. No provisions have been made in the financial statements for the year ended December 31, 2013 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Oakwood became a member of the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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 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. The City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool agents and attorneys, to follow loss reduction procedures established by the fund and to report 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.

The City joined the Georgia Interlocal Risk Management Agency which allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 Title 36 of the Official Code of Georgia Annotated authorities Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

--To pay all contributions, assessments or other sums due to GIRMA at such times and in such times and in such amounts as shall be established by GIRMA.

--To select a person to serve as a member representative.

--To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

--To allow attorneys appointed by GIRMA 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 or Funds established by GIRMA.

--To assist and cooperate in the defense and settlement of claims against the City.

--To furnish full cooperation and GIRMA's attorneys. claims adjusters, Service Company, and any agent, employee officer or independent contractor of GIRMA relating to the purposes of GIRMA.

--To follow all loss reduction and prevention procedures established by GIRMA.

--To furnish to GIRMA such budget, operating and underwriting information as may be requested.

--To report as promptly as possible, and in accordance with any Coverage Description issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

--The City retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

--The basis for estimating the liabilities for unpaid claim is "IBNR" established by an actuary.

--During the year ended December 31, 2013, the City paid 0 claims. The City has not compiled a record of the claims paid up to the $ 1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the $ 1,000) which were outstanding and unpaid at December 31, 2013. No provisions have been made in the financial statements for the year ended December 31, 2013 for any estimate of potential unpaid claims.

III. C. BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

III. C. 1. RECEIVABLES AND PAYABLES

The following inter fund receivables and payables were recorded at 12/31/13:

	Due to Sewer	Due to TAD	Due from General
General Fund	$ 490,332	$74,852	
Sewer Fund			$ 490,332
TAD Fund			74,852

All Interfund Receivables and Payables are generally satisfied in the following year.

III. C. 2. TRANSFERS AND PAYMENTS

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis.

	Transfer from Hotel/Motel Tax Fund	Transfer to TAD	Transfer from Sewer Fund	Transfer from SPLOST
Transfer to General Fund	$ 63,449		$ 10	$ 352,504
Transfer from General Fund		$17,107		

IV. SEGMENT INFORMATION

-NONE-

V. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE

V.A. JOINTLY GOVERNED ORGANIZATION

-NONE-

V. B. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Georgia Mountains Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.
Separate financial statements may be obtained from:

Georgia Mountains Regional Commission
P.O. Box 1720
Gainesville, Georgia 30503

VI. RETIREMENT PLANS

VI. A. PLAN DESCRIPTION

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS) Retirement Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating cities in Georgia. The Plan which is a defined benefit pension plan is established under authority provided by O. C. GA. 47-5-1, and may be amended from time to time by the City and subsequent amendments of the Code provisions. The City's total payroll for employees was $ 1,069,221 with $ 855,047 being the amount of covered payroll for purposes of this plan.

All full-time City employees are eligible to participate in the Plan after six months of service. Benefits vest after five years of service. Participants become eligible to retire at age 65 after 5 years of service at early retirement age 55 after 10 years of service, or after meeting the criteria of the Rule of 75 (age + years of service = 75). Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.25% of average annual compensation for each year of service payable as a life annuity. Compensation is averaged over a five year period prior to retirement or termination.

City employees are not required to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

VI. B. STATE FUNDING STANDARDS

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $ 224,066. The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable funding standards. During the current year, the City made contributions in the amount of $ 312,468 which is 26.5 % of covered payroll. The City does not measure annual pension costs on the accrual basis. Annual pension cost is considered to be equal to the City's actual contributions $ 312,468.

VI. C. SUMMARY OF PLAN ASSET MATTERS AND ACCOUNTING POLICIES

The Plan's financial statements are prepared on a cash basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in the cash value of death benefits.

Plan assets do not include any loans, notes, bonds or other instruments or securities of the City or related parties. The Plan issues a stand alone financial report that can be obtained from the Georgia Municipal Association.

VI. D. SIGNIFICANT ACTUARIAL ASSUMPTIONS

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommendation 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:	
-- social security wage base	3.5% per year
-- inflation	3.5% per year
-- postretirement benefits increases	Not Applicable

VI. E. FUNDING POLICY AND ANNUAL CONTRIBUTIONS

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of statement No. 27 of the Government Accounting Standards Board. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1992 and current charges in the unfunded actuarial 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 open for this plan year.

VI. F. 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 actuarial assumptions are the same as those used to determine the contribution requirement for the preceding year.

VI. G. 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 benefits provisions is:

The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

VI. H. CURRENT PLAN MEMBERSHIP

As of July 1, 2012, the current plan membership includes the following categories of participants:

- -retirees and beneficiaries currently receiving benefits	5
-- terminated employees entitled to benefits but not yet receiving them	10
-- current active employees	
- vested	12
- nonvested	10
-- total membership in the plan	37

VI. I. FUNDED STATUS

The table below sets forth required supplementary information to be disclosed in the plan's financial statements, The items presented are based on the July 1, 2013, 2012, and 2011 actuarial valuation (unless noted otherwise).

	2013	2012	2011
-- actuarial value of plan assets	$ 1,688,428	$ 1,492,535	$1,281,183
--actuarial accrued liability	3,263,807	2,949,873	2,150,592
-- percentage funded	51.73%	59.6%	59.6%
-- unfunded actuarial liability (funding excess)	1,575,379	1,457,338	869,409
-- annual covered payroll	855,047	913,700	1,097,461
-- unfunded (excess) as a percentage of covered payroll	184.0%	159.5%	81.3%
--employer contributions as a percentage of covered payroll	37.0%	26.5%	21.9%
-- annual pension cost	312,468	241,926	240,522
-- percentage of annual pension cost contributed	100%	100%	100%
-- Net pension obligation – end of year	-0-	-0-	-0-

VI. J. UNFUNDED ACTUARIAL ACCRUED LIABILITY

The following represents the changes in unfunded actuarial accrued liability for the most recent plan year ending July 1, 2013.

Unfunded Actuarial Accrued Liability Beginning of Year	$ 1,457,338
Change due to contribution policy:	
Normal cost due	117,306
Interest	112,005
Contributions	(258,830)
Expected Unfunded Actuarial Accrued Liability	1,427,819
Change due to actuarial (gain) or loss	147,560
Change in plan provisions	-0-
Change in actuarial assumptions	-0-
Change in actuarial cost methods	-0-
Unfunded actuarial accrued liability End of year	$1,575,379

VI. K. ACTUARIAL METHODS

Normal Cost and Actuarial
Accrued Liability - Projected Unit Credit

Actuarial Value of Assets- 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.

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.

VII. RELATED PARTY TRANSACTIONS

The City was not involved in any related party transaction during the fiscal year December 31, 2013.

VIII. CONTINGENCIES

VIII. A. LITIGATION

See Note III.B.3 for the treatment of claims incurred but not reported and other tort liability information.

VIII. B. FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant fund 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 funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

City of Oakwood, Georgia
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2013

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
REVENUES					
Taxes:					
Property Tax	$ 630,146	$ 35,392	$ 665,538	$ 665,538	$ -
Local Option Sales Tax	640,000	(190,790)	449,210	449,210	-
Insurance Premium Taxes	186,253	18,575	204,828	204,828	-
Alcoholic Beverage Taxes	307,814	(3,064)	304,750	304,750	-
Other Taxes	4,004	18,802	22,806	22,806	-
Total taxes	$ 1,768,217	$ (121,085)	$ 1,647,132	$ 1,647,132	$ -
Licenses and permits:					
Licenses	$ 210,109	$ (82,084)	$ 128,025	$ 128,025	$ -
Permits	80,663	2,681	83,344	83,344	-
Franchise taxes (fees)	222,594	(10,367)	212,227	212,227	-
Other fees	-	-	-	-	-
Total licenses and permits	$ 513,366	$ (89,770)	$ 423,596	$ 423,596	$ -
Fines and forfeitures	$ 823,247	$ (186,797)	$ 636,450	$ 636,450	$ -
Investment income	-	-	-	-	-
Intergovernmental	82,510	193,426	275,936	275,936	-
Rental Fees	24,822	20,983	45,805	45,805	-
Sale of fixed assets	-	-	-	-	-
Other	62,900	299,296	362,196	362,196	-
Total revenues before prior year fund balance	$ 3,275,062	$ 116,053	$ 3,391,115	$ 3,391,115	$ -
Prior year fund balances				-	
Appropriated for current year budget	$ 538,488	$ -	$ 538,488	$ 538,488	$ -
Reappropriated for prior year encumbrances	-	-	-	-	-
Total revenues and prior year fund balances	$ 3,813,550	$ 116,053	$ 3,929,603	$ 3,929,603	$ -

City of Oakwood, Georgia
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2013

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
EXPENDITURES					
General government:					
Salaries	$ 251,670	$ 9,756	$ 261,426	$ 261,426	$ -
Employee Benefits	127,790	(7,296)	120,494	120,494	-
Services and Supplies	273,201	(28,343)	244,858	244,858	-
Capital Outlay	-	-	-	-	-
Total general government	$ 652,661	$ (25,883)	$ 626,778	$ 626,778	$ -
Public safety:					
Police:					
Salaries	$ 604,949	$ (1,929)	$ 603,020	$ 603,020	$ -
Employee Benefits	484,370	18,673	503,043	503,043	-
Services and Supplies	479,332	(107,898)	371,434	371,434	-
Capital Outlay	60,000	(53,720)	6,280	6,280	-
Total public safety	$ 1,628,651	$ (144,874)	$ 1,483,777	$ 1,483,777	$ -
Public services:					
Streets:					
Salaries	$ 127,111	$ 3,407	$ 130,518	$ 130,518	$ -
Employee Benefits	95,998	859	96,857	96,857	-
Services and Supplies	310,425	(164,014)	146,411	146,411	-
Capital Outlay	30,295	1,059,946	1,090,241	1,090,241	-
Total public services	$ 563,829	$ 900,198	$ 1,464,027	$ 1,464,027	$ -
Solid Waste	$ 40,684	$ (2,874)	$ 37,810	$ 37,810	
Economic Development	88,276	(19,891)	68,385	68,385	-
Planning & Development	195,267	(29,131)	166,136	166,136	-
Community Services	52,448	7,089	59,537	59,537	-
Debt Service	$ 623,436	$ (217,275)	$ 406,161	$ 406,161	$ -
Total expenditures	3,845,252	467,359	4,312,611	4,312,611	-
Excess of revenues over expenditures	$ (31,702)	$ (351,306)	$ (383,008)	$ (383,008)	$ -

City of Oakwood, Georgia
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2013

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	$ -	$ -	$ -	$ -	$ -
Transfer from other funds	300,000	115,963	415,963	415,963	-
Capital Project	-	-	-	-	-
Sanitation	-	-	-	-	-
Total	$ 300,000	$ 115,963	$ 415,963	$ 415,963	$ -
Transfers to other funds:	$ -	$ -	$ -	$ (17,107)	$ (17,107)
Total transfers to other funds	$ -	$ -	$ -	$ (17,107)	$ (17,107)
Excess of revenues and other sources over expenditures and other uses	**$ 268,298**	**$ (235,343)**	**$ 32,955**	**$ 15,848**	**$ 17,107**
Fund balances, beginning (GAAP budgetary basis)	**$ 538,488**	**$ -**	**$ 538,488**	**$ 538,488**	**$ -**
Less prior year fund balances (1)	(538,488)	-	(538,488)	(538,488)	-
Fund balance, ending (GAAP budgetary basis)	**$ 268,298**	**$ (235,343)**	**$ 32,955**	**$ 15,848**	**$ 17,107**

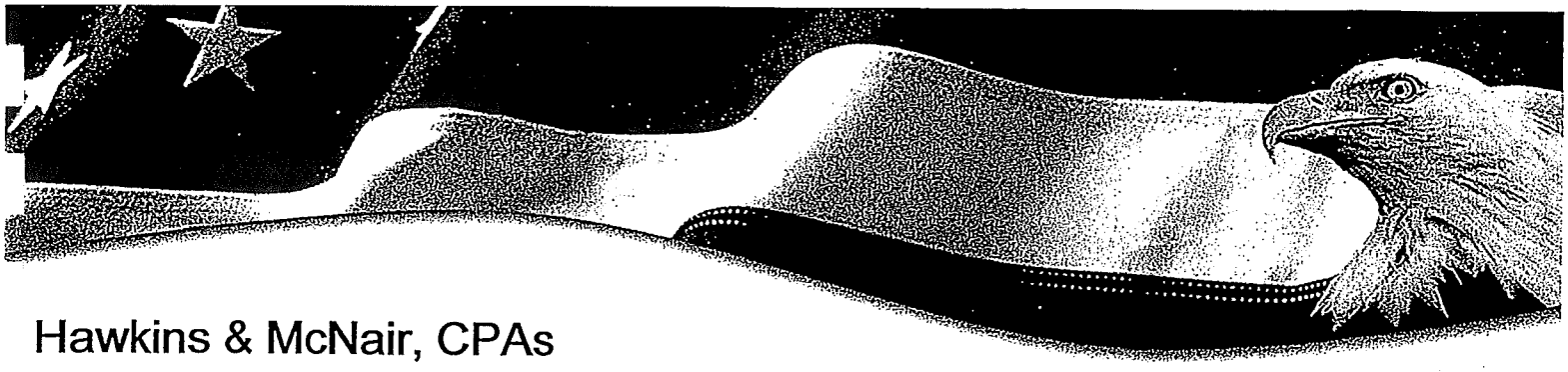
(1) The General Fund budget included $ 538,488 in fund balance which is a prior year carry forward. It is not a revenue of the current period, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balance has been reduced for prior year fund balance to reflect the budgetary ending fund balance projected.

See accompanying notes to financial statements.

City of Oakwood, Georgia
Notes to the Required Supplementary Information
For the Year Ended December 31, 2013

Note 1 – Budgetary Information

Budgets for the general fund were adopted on a basis that is a consistent with accounting principles generally accepted in the United States as applied to governments.



Hawkins & McNair, CPAs

224 E. Broad St.
Winder, GA 30680
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Oakwood, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Oakwood, Georgia, (City) 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, and have issued our report thereon dated June 12, 2014.

Internal Control Over Financial Reporting

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

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

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

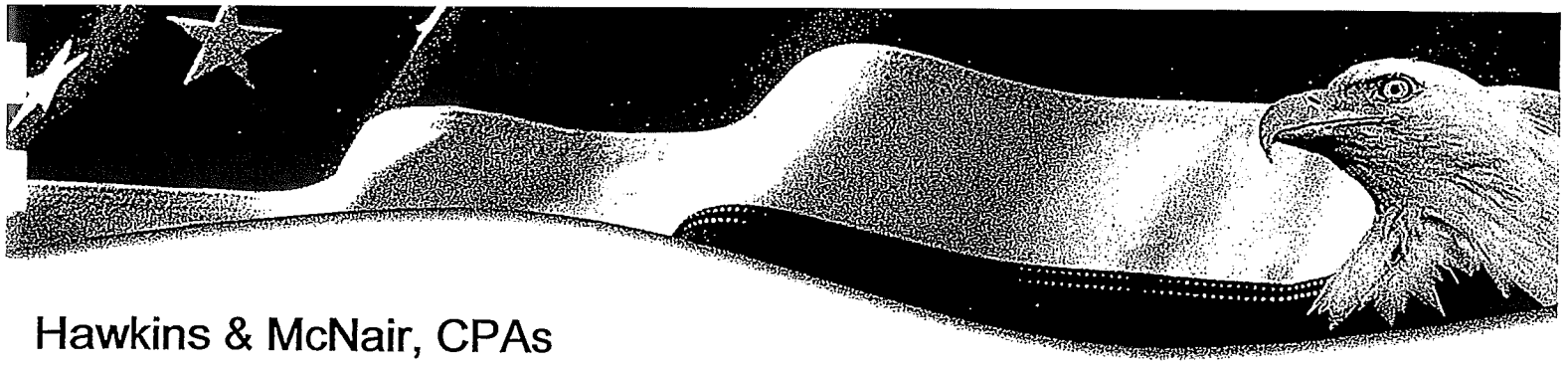
Compliance and Other Matters

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

Purpose of this Report

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

Hawkins & McNair, CPAs
Winder, Georgia
June 12, 2014



Hawkins & McNair, CPAs

224 E. Broad St.
Winder, GA 30680
770-867-9426
Fax/770-867-1240

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Oakwood, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Oakwood, Georgia, for the year ended December 31, 2013. This schedule is the responsibility of the City of Oakwood, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 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. We believe that our audit provides a reasonable basis for our 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 accrual basis of accounting as described in Note I.B.5 and is not intended to be a complete presentation of the City of Oakwood, Georgia's revenues and expenditures.

In our 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 City of Oakwood, Georgia'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.

Hawkins & McNair, CPAs
June 12, 2014

CITY OF OAKWOOD, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	REVISED BUDGET	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	EXPENDITURES TOTAL	% COMPLETED
SPLOST VI						
Transportation Projects						
McEver Road at HF Reed	$ 200,000	$ 200,000	$ 200,000	$ -	$ 200,000	100.0%
Oakwood Local Road Resurfing	1,200,000	1,200,000	414,416	119,189	533,605	44.5%
Oakwood Downtown Sewer Phase 1	800,000	800,000	146,640	312,333	458,973	57.4%
Infrastructure - Roads, side-walks, streetscape and etc	1,500,000	1,500,000	509,240	-	509,240	33.9%
Other	-	-	-	8	8	0.0%
Total SPLOST VI	$ 3,700,000	$ 3,700,000	$ 1,270,296	$ 431,530	$ 1,701,826	46.0%