TOWN OF PINE MOUNTAIN, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

TOWN OF PINE MOUNTAIN, GEORGIA
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Town of Pine Mountain
Pine Mountain, Georgia

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pine Mountain, Georgia, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the Town'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.

Opinions

In my 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, each major fund, and the aggregate remaining fund information of the Town of Pine Mountain as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2015 the Town adopted a new accounting principle GASB Statement No. 69 *Accounting and Financial Reporting for Pensions*. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted 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.

The budgetary comparison information on pages 30 and 31, and the Pension and OPED Schedules on pages 32 to 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.

I have applied certain limited procedures to the budgetary, pension, and OPED 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 my 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.

Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pine Mountain's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are 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 December 3, 2015, on my consideration of the Town of Pine Mountain, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town of Pine Mountain's internal; control over financial reporting and compliance.

Kim Kimmel CPA

Richland, Georgia
December 3, 2015

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 1,475,384	$ 563,745	$ 2,039,129
Receivables (net of allowance for doubtful accounts):	300,608	40,396	341,004
Restricted cash	-	169,795	169,795
Nondepreciable Capital Assets	186,569	198,538	385,107
Depreciable Capital Assets, Net	3,070,874	3,648,010	6,718,884
Total Assets	5,033,435	4,620,484	9,653,919
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension plan charges	36,485	8,558	45,043
Total deferred outflow of resources	36,485	8,558	45,043
LIABILITIES			
Accounts Payable	236,873	10,708	247,581
Accrued interest	-	1,266	1,266
Deposits	-	34,631	34,631
Noncurrent liabilities:			
Due within one year	103,621	23,324	126,945
Due in more than one year	554,311	1,140,636	1,694,947
Total Liabilities	894,805	1,210,565	2,105,370
DEFERRED INFLOWS OF RESOURCES			
Pension plan deferrals	26,973	6,327	33,300
Total deferred inflow of resources	26,973	6,327	33,300
NET POSITION			
Net investment in capital assets	2,897,479	2,832,737	5,730,216
Restricted for:			
Transportation projects	54,206	-	54,206
Tourism promotion	64,397	-	64,397
Unrestricted	1,132,060	579,413	1,711,473
Total Net Position	$ 4,148,142	$ 3,412,150	$ 7,560,292

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Activities
For the Year Ended June 30, 2015

Program Activites	Expenses	Program Revenues: Fees, Fines, Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues
Governmental Activities:					
General Government	$ 244,232	$ 39,678	$ -	$ -	$ (204,554)
Public Safety	989,775	112,856	-	-	(876,919)
Public Works	365,523	-	-	78,356	(287,167)
Housing and development	837,244	-	-	-	(837,244)
Culture and recreation	2,915	-	-	6,550	3,635
Interest on long-term debt	17,115	-	-	-	(17,115)
Total Governmental Activities	2,456,804	152,534	-	84,906	(2,219,364)
Business-Type Activities:					
Water utilities	193,914	205,861	-	-	11,947
Sewerage treatment	193,535	166,844	-	-	(26,691)
Total Business-Type Activities:	387,449	372,705	-	-	(14,744)
Total Government	2,844,253	525,239	-	84,906	(2,234,108)

	Governmental Activities	Business-Type Activities	
General revenues:			
Taxes:			
Advalorem	727,567	-	727,567
Sales tax	188,818	-	188,818
Hotel/motel tax	839,518	-	839,518
Franchise tax	192,536	-	192,536
Other taxes	169,630	-	169,630
Miscellaneous	91,593	-	91,593
Investment Revenue	2,194	461	2,655
Transfers	-	-	-
	2,211,856	461	2,212,317
Changes in net position	(7,508)	(14,283)	(21,791)
Net position beginning of year	4,321,000	3,475,156	7,796,156
Adjustments	(165,350)	(48,723)	(214,073)
Net position beginning, as adjusted	4,155,650	3,426,433	7,582,083
Net position at end of year	$ 4,148,142	$ 3,412,150	$ 7,560,292

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2015

	General	Hotel/Motel Tax	Total Non Major	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 1,374,093	$ 47,085	$ 54,206	$ 1,475,384
Receivables (net of allowance for doubtful accounts):				-
Ad valorem taxes	49,219	-	-	49,219
Other taxes	34,984	216,405	-	251,389
Total Assets	1,458,296	263,490	54,206	1,775,992
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	37,780	199,093	-	236,873
Total Liabilities	37,780	199,093	-	236,873
Deferred Inflows of Resources	49,219	-	-	49,219
Fund Balances				
Restricted for transportation projects	-	-	54,206	54,206
Assigned for tourism	-	64,397	-	64,397
Unassigned	1,371,297	-	-	1,371,297
Total Fund Balances	1,371,297	64,397	54,206	1,489,900
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,458,296	$ 263,490	$ 54,206	$ 1,775,992

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2015

Total Governmental Funds Balances	$ 1,489,900
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets of $5,010,739 net of accumulated depreciation of $1,753,296, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,257,443
Long-term liabilities are not due and payable in the current period and, therefor, are not reported in the governmental funds:	
Due in more than one year	(657,932)
Certain resources are recorded in the funds as current but are properly deferred in the statement of net assets	
Deferred outflows for pension plans	36,485
Deferred inflows for pension plans	(26,973)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Property taxes	49,219
Net Position of Governmental Activities	$ 4,148,142

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	Hotel/Motel Tax	Total Non Major	Total Governmental Funds
Revenues				
Property Taxes	$ 720,466	$ -	$ -	$ 720,466
Sales Taxes	188,818	-	-	188,818
Hotel Motel tax	-	839,518	-	839,518
Franchise tax	192,536	-	-	192,536
Other Local Taxes	169,630	-	-	169,630
Charges for Services	2,008	-	-	2,008
Licenses and Permits	37,670	-	-	37,670
Fines and Forfeitures	112,856	-	-	112,856
Intergovernmental	7,890	-	77,016	84,906
Interest	2,163	31	-	2,194
Other	27,962	56,347	-	84,309
Total Revenues	1,461,999	895,896	77,016	2,434,911
Expenditures				
Current				
General government	226,771	-	-	226,771
Public safety	945,416	-	-	945,416
Public works	290,431	-	56,995	347,426
Housing and development	-	833,600	-	833,600
Culture and recreation	2,915	-	-	2,915
Capital outlay	-	-	6,550	6,550
Debt service:				
Principal	96,930	-	-	96,930
Interest	17,115	-	-	17,115
Total Expenditures	1,579,578	833,600	63,545	2,476,723
Excess (deficiency) of Revenues Over (Under) Expenditures	(117,579)	62,296	13,471	(41,812)
Other Financing Sources (Uses)				
Transfers—In	58,504	-	-	58,504
Transfers—Out	-	(58,504)	-	(58,504)
Capital lease proceeds	22,650	-	-	22,650
Total Other Financing Sources (Uses)	81,154	(58,504)	-	22,650
Net Change in Fund Balances	(36,425)	3,792	13,471	(19,162)
Fund Balances (Deficit) at Beginning	1,407,722	60,605	40,735	1,509,062
Fund Balances at End of Year	1,371,297	64,397	54,206	1,489,900

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances—Total Governmental Funds	$	(19,162)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the stetement of activities, the cost of those assets is allocated over their estimated useful lives asdepreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:		
Capital Outlay—Depreciable Capital Assets		106,270
Depreciation		(169,704)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net assets.		96,930
Long term employee benefit obligations are recorded as an addition or reduction in net position, but do not require the use of current economic resources of governmental funds		(28,943)
Elimination of transfers between governmental funds		
Transfers in		(58,504)
Transfers out		58,504
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes deferred		7,101
Change in Net Position of Governmental Activities	$	(7,508)

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 563,745	$ -	$ 563,745
Receivables net	20,692	19,704	40,396
Due from other funds	7,290	-	7,290
Resticted cash	94,479	75,316	169,795
Total Current Assets	686,206	95,020	781,226
Noncurrent Assets:			
Nondepreciable assets	198,538	-	198,538
Depreciable assets, net	789,291	2,858,719	3,648,010
Total Non-current Assets	987,829	2,858,719	3,846,548
Total Assets	1,674,035	2,953,739	4,627,774
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pension plan	8,558	-	8,558
LIABILITIES			
Current Liabilities:			
Accounts Payable	10,708	-	10,708
Due to other funds	-	7,290	7,290
Payable from restricted assets:			
Revenue bonds	8,990	14,334	23,324
Accrued interest	1,266	-	1,266
Deposits	34,631	-	34,631
Total Current Liabilities	55,595	21,624	77,219
Long-Term Liabilities			
OPEB liability	101,550	-	101,550
Net pension liability	48,599	-	48,599
Revenue bonds payable	249,630	740,857	990,487
Total Long-term Liabilities	399,779	740,857	1,140,636
Total Liabilities	455,374	762,481	1,217,855
DEFERRED INFLOW OF RESOURCES			
Nonamortized pension earnings	6,327	-	6,327
NET POSITION			
Net investment in capital assets	729,209	2,103,528	2,832,737
Unrestricted	491,683	87,730	579,413
Total Net Position	$ 1,220,892	$ 2,191,258	$ 3,412,150

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	$ 205,861	$ 166,844	$ 372,705
Total operating revenues	205,861	166,844	372,705
Operating expenses:			
Personal services	74,032	47,117	121,149
Materials and supplies	33,274	40,538	73,812
Contractual and other services	52,645	17,469	70,114
Depreciation	22,123	54,058	76,181
Total operating expenses	182,074	159,182	341,256
Income (loss) from operations	23,787	7,662	31,449
Nonoperating revenues (expenses):			
Investment income	461	-	461
Capital transfers	(2,217,950)	2,217,950	-
Interest expense	(11,839)	(34,354)	(46,193)
Total nonoperating revenues (expenses)	(2,229,328)	2,183,596	(45,732)
Income before transfers	(2,205,541)	2,191,258	(14,283)
Transfers	-	-	-
Change in net position	(2,205,541)	2,191,258	(14,283)
Net position beginning previously reported	3,475,156	-	3,475,156
Prior period adjustment	(48,723)	-	(48,723)
Net position beginning as restated	3,426,433	-	3,426,433
Net position, ending	$ 1,220,892	$ 2,191,258	$ 3,412,150

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 235,192	$ 147,140	$ 382,332
Cash payments to suppliers for goods and services	(87,622)	(58,007)	(145,629)
Cash payments to employees for services	(75,303)	(47,117)	(122,420)
Net cash provided (used) by operating activities	72,267	42,016	114,283
Cash flows from noncapital financing activities:			
Transfers in	(7,290)	7,290	-
Net cash provided (used) by noncapital financing activities	(7,290)	7,290	-
Cash flows from capital and related financing activities:			
Increase in revenue bonds	-		770,146
Capital contribnuted	(2,217,950)	2,217,950	
Capital asssets contributed	2,912,779	(2,912,778)	
Long-term debt assumed	(770,146)	770,146	
Principal paid on revenue bond maturities	(8,368)	(14,954)	(23,322)
Interest paid	(11,954)	(34,354)	(46,308)
Net cash provided (used) by			
Net cash provided (used) by capital and related financing activities	(95,639)	26,010	700,516
Cash flows from investing activities:			
Interest on investments	461	-	461
Net cash provided (used) by investing activities	461	-	461
Net increase (decrease) in cash and cash investments	(30,201)	75,316	45,115
Cash and cash equivalents, beginning	688,425	-	688,425
Cash and cash equivalents, ending	$ 658,224	$ 75,316	$ 733,540
Unrestriced cash	$ 563,745	$ -	$ 563,745
Restricted cash	94,479	75,316	169,795
Total cash and cash equivalents	$ 658,224	$ 75,316	$ 733,540
Reconciliation of income (loss) from operations			
to net cash provided (used) by operating activities			
Operating income (loss)	$ 23,787	$ 7,662	$ 31,449
Adjustments to reconcile operating income (loss)			
to net cash provided (used) by operations:			
Depreciation	22,123	54,058	76,181
(Increase) decrease in:			
Accounts receivable	21,370	(19,704)	1,666
Deferred outflows	(8,558)		(8,558)
Increase (decrease) in:			
Accounts payable	(1,703)	-	(1,703)
Accrued pension	(124)		(124)
Accrued OPEB	7,411		7,411
Deferred inflows	6,326		6,326
Customer deposits	1,635	-	1,635
Net cash provided (used) by			
operating activities	$ 72,267	$ 42,016	$ 114,283

See accompanying notes to the basic financial statements.

TOWN OF PINE MOUNTAIN, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Pine Mountain, Georgia (the Town) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Town are described below.

Reporting Entity

The Town of Pine Mountain, Georgia operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, public works, development, culture, recreation, and public utilities. The Mayor and Town Council are elected by the citizens of Pine Mountain and as such have the decision-making authority over the Town.

The Town is not included in any other "reporting entity" as defined by the Governmental Accounting Standards Board. As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Based upon these criteria, the Town of Pine Mountain has no component units.

Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorizer activities as either governmental or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in fund financial statements.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial

statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred without regard to receipt or disbursement of cash. Property taxes are recognized in the period for which levied, provided the Town has an enforceable legal claim to the resources. Grants, shared revenues, and contributions are recognized when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers revenues as available if they are collected within 60 days after year end. Revenues susceptible to accrual are grant revenue, property taxes, and service contract revenue earned. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded when payment is due.

The Town reports the following major governmental funds:

General Fund

The General Fund is the principal fund of the Town and is used to account for all activities of the Town not otherwise accounted for by a specified fund. This fund is primarily used for the activities under direct control of the Mayor and Council. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

Hotel/Motel Tax Fund

This fund is used to account for all of the hotel/motel tax collected by the Town and the related expenditures.

The Town reports the following major proprietary fund:

Water Fund

This fund is used to account for all operations relating to activities conducted in the operation of municipal water treatment and supply.

Sewer Fund

This fund is used to account for all operations relating to activities conducted in the operation of a municipal wastewater treatment system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water & Sewer Fund are charges to customers for sales and services. Operating expenses for

the Water & Sewer Fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When fund balances are available for a specific purpose in more than one classification, it is the Town's policy to use the most restricted funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Budgets

The Town budgets its operations on an annual basis for the General Fund and the Special Revenue Funds. The proposed budget is prepared each May by a Budget Committee composed of the Mayor and Council. Budget requests from the various Town departments are presented to the Committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Pine Mountain. The final proposed budget is presented at a Town Council meeting for final passage prior to June 30. The final budget is adopted at public meeting. Grants and contracts received by the Town during the year are governed by stipulated budgets that are officially adopted at the time the grants are approved. Other than changes made by grantor contracts, there were no amendments to the officially adopted budget for the year.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General and Special Revenue Funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public safety, Public works, Housing and Development, Cultural & Recreation, and Debt service. This constitutes the legal level of control. General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Council. Within these control levels, management may transfer appropriations without Council approval, with the exception of salary amounts.

Cash and Cash Equivalents

Cash and equivalents include amounts in demand deposit accounts as well as short-term investments with a maturity date of three months or less.

Prepaid Expenses

Payments to vendors for services that will benefit periods after June 30, 2015 are recorded as prepaid items under the consumption method. Because these items do not represent "available spendable resources" in governmental funds, they are equally offset by fund balance reserve accounts.

Vacation and Sick Leave

Employees earn vacation time as follows:

12 mo. of service	5 days
36 mo. of service	10 days
60 mo. of service	15 days

Sick Leave is earned at the rate of one day per month.

Sick leave does not accumulate. Terminated employees may not receive unused sick pay.

Capital Assets

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

Assets capitalized, not including infrastructure assets, have an original cost of $500 or more and over three years of useful life. Infrastructure assets acquired or constructed after July 1, 2003 will be capitalized. Prior infrastructure assets have not been capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	60 to 80	Years
Vehicles	7	Years
Equipment	10	Years
Water distribution system	75	Years
Sewerage treatment plant	75	Years
Sidewalks	50	Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This section represents consumption of net position which applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of item that qualifies for reporting in this category. It is a deferred charge for pension plan contributions which is reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This section represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Town has only one type of item that qualifies for reporting in this category under modified accrual basis of accounting. That item is unavailable revenue for property taxes and is reported in the governmental funds balance sheet. The Town has one item in this category that is reported in the government-wide statement of net position, and that is unavailable revenue for the difference between anticipated pension plan asset yield and actual experience. This amount is amortized and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

At times the Town funds outlays for a particular purpose from both restricted and unrestricted resources. The Town assumes that restricted resources are applied first.

Fund Balance Policies

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Restricted fund balance- amounts constrained to specific purposes by their providers (such as grantors, through constitutional provisions or enabling legislation.

Committed fund balance- Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through approval of a motion. Only the Town Council can modify or rescind a commitment.

Assigned fund balance- amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance- amounts that are available for any purpose; positive amounts are reported only in the general fund.

Fund Balance Flow Assumption

It is the Town's policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance.

2. DEPOSITS

State statutes require that all non-insured public deposits in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by state statutes at June 30, 2015. At June 30, 2015, the carrying amount of the Town's deposits in financial institutions was $2,208,924 and the bank balance was $2,220,822. Included in these amounts are certificates of deposit with a carrying value of $1,118,108 and a bank balance of $1,118,108.

State statutes require that all public deposits in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. At June 30, 2015, the Town's deposits were fully insured and collateralized according to state law.

Deposit accounts restricted in their use were as follows:

Revenue bonds	$	130,166
Accrued interest		1,266
Deposits		38,363
	$	169,795

4. RECEIVABLES

The major receivables consist of utility bills and taxes.

	Governmental Funds	Business Type Activities	Total
Property taxes	$ 49,219	$ -	$ 49,219
Sales tax	34,984	-	34,984
Hotel/Motel tax	216,405	-	216,405
Accounts	-	43,494	43,494
	300,608	43,494	344,102
Allowance for uncollectible	-	(3,098)	(3,098)
	$ 300,608	$ 40,396	$ 341,004

Receivables and revenues from utility bills are recorded when the services are provided. Amounts shown as a receivable on the balance sheet represent amounts owed but not paid. An allowance for uncollectable accounts has been recorded. This represents the amount of utility bills receivable for which collection is doubtful.

Revenues from property taxes are recognized as follows:

An ad valorem tax is charged each year on each parcel of taxable property and on each taxable vehicle and mobile home located in the Town. The tax is assessed to support the Town government. It is based generally on a fixed percentage of the market value multiplied by a millage rate. The market value of the property is determined by the County Board of Assessors and the millage rate is set by the Town Council to produce the revenue required to finance the expected expenditures of the Town.

After the taxable value of the property has been established and the millage rate determined, the tax is computed on each property, and a tax bill is prepared for the property owner. The total of these computations, called the tax digest, is submitted to the State of Georgia for approval before the tax bills are mailed to the property owners. These tax bills then become the basis for tax collections. A list of uncollected taxes is prepared from the bills remaining unpaid at the end of the year.

The Town's ad valorem tax is normally levied each October on the assessed value as of the prior January 1 for all real and business personal property located within the Town limits. Taxes are due sixty days after the levy date. For 2015, ad valorem taxes were levied on November 6 and were due January 2.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance 6-30-14	Additions	Transfers & Disposals	Balance 6-30-15
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 186,569	$ -	$ -	$ 186,569
Capital assets being depreciated				
Buildings	2,377,062	-	-	2,377,062
Equipment	541,775	48,014	-	589,789
Vehicles	1,021,910	58,254	-	1,080,164
Infrastructure	777,153	-	-	777,153
	4,717,900	106,268	-	4,824,168
Less accumulated depreciation for:				
Buildings	(434,164)	(40,341)	-	(474,505)
Equipment	(406,539)	(46,265)	-	(452,804)
Vehicles	(642,770)	(66,680)	-	(709,450)
Infrastructure	(100,118)	(16,417)	-	(116,535)
	(1,583,591)	(169,703)	-	(1,753,294)
Total capital assets being depreciated, net	3,134,309	(63,435)	-	3,070,874
Governmental activities capital assets, net	3,320,878	(63,435)	-	3,257,443

Business-type Activities:	Balance 6-30-14	Adjustments & Additions	Transfers & Disposals	Balance 6-30-15
Capital assets not being depreciated				
Land	$ 198,538	$ -	$ -	$ 198,538
Total	198,538	-	-	198,538
Capital assets being depreciated				
Buildings	16,041	-	-	16,041
Vehicles	59,007	-	-	59,007
Equipment	71,561	-	-	71,561
Water distribution system	1,528,075	-	-	1,528,075
Sewerage treatment facilities	3,664,382	-	-	3,664,382
	5,339,066	-	-	5,339,066
Less accumulated depreciation for:				
Buildings	(13,788)	892	-	(12,896)
Vehicles	(59,005)	(2)	-	(59,007)
Equipment	(71,561)	-	-	(71,561)
Water distribution system	(720,252)	(21,678)	-	(741,930)
Sewerage treatment plant	(750,269)	(55,393)	-	(805,662)
	(1,614,875)	(76,181)	-	(1,691,056)
Total capital assets being depreciated, net	3,724,191	(76,181)	-	3,648,010
Business-type activities capital assets, net	$ 3,922,729	$ (76,181)	$ -	$ 3,846,548

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

Governmental activities:	
General Government	$ 3,711
Public Safety	141,651
Public Works	20,698
Culture and recreation	3,644
	$ 169,704

6. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2015 is summarized as follows:

	Outstanding 6-30-14	Additions	Reductions	Outstanding 6-30-15	Due In One Year
Governmental Activities					
Borrowings:					
Notes payable	$ 434,244	$ -	$ 94,665	$ 339,579	$ 98,891
Capital lease	-	22,650	2,265	20,385	4,730
OPEB	74,451	62,234	45,900	90,785	-
Pension	42,362	203,617	38,796	207,183	-
Governmental activities long-term debt	$ 551,057	$ 288,501	$ 181,626	$ 657,932	$ 103,621
Business-Type Activities					
Water and Sewer revenue bonds	$ 1,037,134	$ -	$ 23,324	$ 1,013,810	$ 23,324
OPEB	94,139	39,316	31,904	101,551	$ -
Pension	-	57,699	9,100	48,599	-
Business-type activities long-term debt	$ 1,131,273	$ 97,015	$ 64,328	$ 1,163,960	$ 23,324
Total	$ 1,682,330	$ 385,516	$ 245,954	$ 1,821,892	$ 126,945

At June 30, 2015, long-term borrowing consisted of the following issues:

	Governmental-Type
General obligation notes payable, original amount of $1,672,000, payable in monthly installments through 2033 with interest at 4.375%	$ 339,579
	Business-Type
1990 Series Water Revenue Bonds, original amount $335,000, payable in annual installments through 2011 with interest at 5%.	$ 258,620
2001A Series Sewer Revenue Bonds, original amount of $829,200, payable in monthly installments through 2042 with interest at 4.5%.	$ 686,231

2001B Series Sewer Revenue Bonds, original amount of $83,570, payable in monthly installments through 2042 with interest at 4.5%.	$	68,960

Water and sewer revenue bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The annual requirements for debt service are as follows:

Year Ending	Governmental-type		Business-type	
June 30,	Principal	Interest	Principal	Interest
2016	$ 98,891	$ 12,889	$ 24,631	$ 48,661
2017	103,305	8,475	26,010	47,614
2018	107,917	3,864	27,471	46,296
2019	29,466	228	29,027	44,901
2020	-	-	30,660	43,424
2021-2025	-	-	181,635	191,785
2026-2030	-	-	240,416	139,468
2031-2035	-	-	194,312	79,914
2036-2040	-	-	210,503	36,036
2041-2042			49,145	1,239
	$ 339,579	$ 25,456	$ 1,013,810	$ 679,338

General obligation note is being repaid by the General Fund.

7. RISK MANAGEMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which establishes standard accounting and financial reporting practices for public entity risk pools and governmental entities. The following disclosures are offered in accordance with GASB 10.

The Town is exposed to various forms of risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town accounts for risk financing activities in the General fund. The Town purchases insurance from the commercial insurance market for all risk categories except natural disasters, for which the Town is self-insured. Because of no recent history of loss from natural disasters, no estimated liability has been recorded.

There have been no decreases in insurance coverage from the prior year. Settled claims have not exceeded commercial excess coverage in any of the past three years.

The Town is also a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the Fund to the employees of the Town is specifically limited to such obligations as are imposed by applicable state laws against the Town for workers' compensation and/or liability.

As a part of these risk pools, the Town is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction

procedures established by the funds, and to report as promptly as possible, and in accordance with and coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Town is also to allow the pool's agents and attorneys to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the funds.

The Fund is to defend, in the name of and on behalf of the members, any suit or other proceedings which may at any time be instituted against them on account of injuries or death within the purview 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 therefor, 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 proceedings defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation or defense.

8. EMPLOYEE BENEFITS

Defined Benefit Pension Plan

The Town contributes to a defined benefit pension plan for all of its full-time employees through the Georgia Municipal Employees Benefit System, an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association (GMA). The Public Retirement Systems Standard Law (OCGA 47-20-10) assigns the authority to establish and amend the plan to the Town. GMA issues a publicly available financial report that includes the financial statements and required supplementary information for GMBEBS. That report may be obtained by writing to GMBEBS, 201 Pryor St., SW, Atlanta, Georgia 30303. The financial information contained here is as of the most recent valuation date of January 1, 2015.

Eligibility-To be eligible, employees must have completed on year of full-time employment. Vesting is scheduled over a ten-year period, with full vesting at the end of ten years.

Membership in the plan at June 30, 2015 is as follows:

Active plan members	13
Retirees and beneficiaries	8
Vested former participants	2
	23

Contributions: Required contributions are determined by the Town Council based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The plan Is noncontributory, meaning the employees may not make contributions to the Plan.

The Town's contribution rate and required contributions for the year ended June 30, 2015 were 8.12% and $41,593 respectively. Actual contributions for the year equaled $47,244 or 113.59% of required contributions.

Net Pension Liability: The Town's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of return on investments	7.75%	net of plan investment expense, including inflation
Inflation	3.25%	
Cost of living adjustments	3.75%	

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. In addition, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The long-term expected rate of return on Plan investments was determined using a building block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50.00%	5.95%	9.20%
International equity	15.00%	6.45%	9.70%
Fixed income	25.00%	1.55%	4.80%
Real estate	10.00%	3.75%	7.00%
Cash	0.00%		
Total	100.00%		

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employer will be made at the current contractually required rates, actuarially determined.

Changes in Net Pension Liability: Changes in the Town's net pension liability for the year ended June 30, 2015 were as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances--Beginning 6-30-14	$ 1,046,457	$ 742,779	$ 303,678
Changes for the Year:			
Service cost	17,027		17,027
Interest expense	78,574		78,574
Experience losses (gains)	(1,956)		(1,956)
Contributions--employer		47,244	(47,244)
Net investment income		84,264	(84,264)
Benefit payments	(65,207)	(65,207)	-
Plan administrative expenses		(2,156)	2,156
Other changes	(12,189)	-	(12,189)
Net Changes	16,249	64,145	(47,896)
Balances--Ending 6-30-15	$ 1,062,706	$ 806,924	$ 255,782

Sensitivity of the Net Pension Liability to Changes in the discount Rate: The following presents the net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current rate.

	Discount Rate	Net Pension Liability
1% Increase	8.75%	$ 152,939
Current Discount Rate	7.75%	$ 255,782
1% Decrease	6.75%	$ 379,476

Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

Pension Expense, Deferred Outflows of Financial resources, and Deferred Inflows of Resources: For the year ended June 30, 2015, the Town recognized pension expense of $32,648. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,564)
Changes of assumptions	-	(9,752)
Difference between projected and actual earnings on pension plan investments	-	(21,984)
Contributions made after measurement date	45,044	-
	$ 45,044	$ (33,300)

Amounts recognized as deferred outflows of resources and inflows of resources will be recognized in pension expense as follows:

	2016	2017	2018	2019
Outflows	45,044	-	-	-
Inflows	(8,325)	(8,325)	(8,325)	(8,325)

Postemployment Healthcare Plan

Plan Description

The Town provides post-employment healthcare benefits to employees who retire from the Town. Under the plan, the Town pays the medical insurance for the retired employees. The Town has no current definition of the term "retired." In order to be eligible, employees must have been employed by the Town for a minimum of ten years. The PERB does not issue stand-alone financial statements and is not included in any other plan.

Funding Policy

The Town funds this plan on a pay as you go basis. Premiums for retired participants are paid by the General Fund.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The Town uses the Alternative Measurement Method as provided for in GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation. The OPEB Obligation and corresponding expense for current employees is recorded in the General Fund and Water & Sewer Fund according to the source of the wages paid to current participating employees. Prior retiree amounts are born by the General Fund.

Annual required contribution	$	37,634
Interest on net OPEB obligation		7,304
Amortization		56,612
Annual OPEB cost		101,550
Contributions made		(45,900)
Increase (decrease)		55,650
Obligation, beginning		168,590
Net obligation, end of year	$	224,240
General Fund	$	90,785
Water & Sewer Fund		133,455
	$	224,240

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

Fiscal Year ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	$ 90,672	41.8%	$ 104,609
2014	$ 77,964	51.2%	$ 142,673
2015	$ 101,550	45.2%	$ 224,240

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued benefits were $952,131, all of which was unfunded. The Town is currently funding the plan on a pay as you go basis. The covered active payroll was $153,200 (annual payroll of active employees covered by the plan) and the ratio of the UAAL to covered payroll was 621% percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Each year, a portion of the initial unfunded obligation will be amortized into the overall obligation.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern and the historical sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 6.0 percent. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2015 was thirteen years.

The actuarial calculations also assume a retirement age of sixty-two years.

Life expectancies were based on mortality tables taken from the National Center for Health Statistics. The 2013 US Life Tables for Male and Female were used.

Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

The expected rate of increase in healthcare insurance premiums was based on an average of actual premium increases experienced by the Town over the previous three years.

The expected long-term inflation assumption of 3% was based on projected changes in Consumer Price Index. The expected long-term payroll growth rate was assumed to equal the rate of inflation.

The benefit provisions and all other requirements are established by state statute and local ordinance. The OPEB does not issue stand-alone financial statements.

Other Pension Plans

The Town's police and firefighters are participants in retirement plans managed by Funds created by the Georgia Legislature. The Plans in which the Town's employees participate are the Peace Officers Annuity and Benefit Fund (POAB) and the GA Firefighters Pension Fund. The Town makes transfer payments to the plan Administrators, and the Administrators make contributions to the Plans for the participating employees. Under GASB 68, the amounts contributed are recorded on the government-wide Statement of Activity as a revenue and an expense totaling $7,284. For the year ended June 30, 2015, the following net liabilities (assets) were reported by the Funds but not recorded in these statements:

POAB of GA	$	(5,863)
Firefighters	$	59,494

9. COMMITMENTS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Town attorney advises that there are no legal actions that were in progress by or against the Town at June 30, 2015.

The Town does not contribute to State Unemployment funds. Instead, the Town directly reimburses the State for unemployment benefits actually paid during each year. At June 30, 2015 there were no unpaid claims that Town management believes to be material.

The Town leases a portion of its Public Safety building to Harris County for use as a site for emergency medical services. The lease term expires December 31, 2015, but is automatically renewed unless one party notifies the other of its intention to terminate. Lease payments are $100 per month. This lease activity is reported in the General Fund. During the year ended June 30, 2015, $7,366 was received as lease payments under this agreement.

10. HOTEL/MOTEL TAX

The Town collects Hotel and Motel tax from local establishments and remits 94% to the Pine Mountain Tourism Association to promote tourism in the area. The Town of Pine Mountain retains 6%. During the year ended June 30, 2015, the Town had tax revenues from this source of $839,518 and remitted or owed $833,600 for tourism programs. This represents 99.% of total tax revenues for the year, and includes accumulated prior year tax. The remaining net position in the fund of $64,397 is not restricted, but has been assigned for tourism.

11. INTERFUND BALANCES AND TRANSFERS

Interfund transfers at June 30, 2015, consisted of a transfer from Hotel/Motel Tax Fund to the General Fund to reimburse tourism related expenditures and for the administrative portion of taxes collected.

13. JOINT VENTURE

Under Georgia law, the Town, in conjunction with the other municipalities and county governments in a twelve county area, was a member in the River Valley Regional Commission (RC) as of June 30, 2015. Under the law, the Town is required to pay dues thereto. During the year ended June 30, 2015, the Town paid $1,014 in such dues. Membership in the Commission is required under O.C.G.A. Section 50-8-34. The Commission governing Board includes the chief elected official of each county and one municipality included in the RC area. Member governments are liable for any debts or obligations incurred by the RC. Separate RC financial statements may be obtained from:

River Valley Regional Commission
PO Box 1908
Columbus, GA 31902

14. SECIAL PURPOSE LOCAL OPTION SALES TAX

The Town receives SPLOST from Harris County from time to time for various capital outlay projects as approved in voter referendums. Harris County collects the SPLOST, and pays for projects directly instead of first transferring the money to the Town. Expenditures for these projects are as follows:

1999 SPLOST	Original Estimated	Current Estimated	Prior Expenditures	Current Expenditures	Total
Recreation facilities	$ 200,000	$ 200,000	$ 132,916	$ -	$ 132,916

2014 SPLOST	Original Estimated	Current Estimated	Prior Expenditures	Current Expenditures	Total
Recreation facilities	$ 961,000	$ 961,000	$ -	$ 6,550	$ 6,550

15. EXPENDITURES EXCEEDING APPROPRIATIONS

Town expenditures exceeded the amounts appropriated as follows:

General Fund	
Public safety	(91,255)
Public works	(20,556)
Debt service	(2,265)
Hotel/Motel Tax Fund	
Development	(83,400)

The overages in the General Fund were due to unforeseen expenditures and were funded by property taxes. The overage in the Hotel/Motel Tax Fund was due to expending overages in tax receipts without amending the budget.

16. PRIOR PERIOD ADJUSTMENT

The Town adopted GASB 68 for Pension Plans during the year ended June 30, 2015. The Statement requires recording beginning net pension liabilities, deferred outflows, deferred inflows and restating beginning net assets as a prior period adjustment. Accordingly, the beginning balances were recorded as follows:

	General Fund	Water Fund
Net Pension Liability	$ (203,618)	$ (57,699)
Deferred Outflows	38,268	8,976
	$ (165,350)	$ (48,723)

17. PROPRIETARY FUND CHANGES

The Town decided to separate sewerage treatment activity from water treatment and distribution activity as of the first day of the fiscal year. Previously these activities were reported in a combined proprietary fund. The creation of the new Sewer Fund was carried out by a capital contribution from the Water Fund to the Sewer Fund. That contribution was made up of the following assets and liabilities:

Cash	$	75,315
Fixed assets		3,664,382
Accumulated depreciation		(751,603)
Bonds payable		(770,144)
	$	2,217,950

TOWN OF PINE MOUNTAIN, GEORGIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		
	Original	**Final**	**Actual**
Revenues			
Taxes	$ 1,285,721	$ 1,285,721	$ 1,271,450
Charges for Services	129,650	129,650	2,008
Licenses and Permits	-	-	37,670
Fines and Forfeitures	135,000	135,000	112,856
Intergovernmental	-		7,890
Interest	-	-	2,163
Other	-	-	27,962
Total Revenues	1,550,371	1,550,371	1,461,999
Expenditures			
Current			
General government	235,481	235,481	226,771
Public safety	854,161	854,161	945,416
Public works	269,875	269,875	290,431
Culture and recreation	79,074	79,074	2,915
Debt service	111,780	111,780	114,045
Total Expenditures	1,550,371	1,550,371	1,579,578
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	(117,579)
Other Financing Sources (Uses)			
Transfers—In	-	-	58,504
Transfers—Out	-	-	-
Total Other Financing Sources (Uses)	-	-	58,504
Net Change in Fund Balances	-	-	(59,075)
Fund Balances (Deficit) at Beginning	1,568,125	1,568,125	1,407,722
Fund Balances at End of Year	1,568,125	1,568,125	1,348,647

TOWN OF PINE MOUNTAIN, GEORGIA
Budgetary Comparison Schedule
Hotel/Motel Tax Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		
	Original	**Final**	**Actual**
Revenues			
Taxes	$ 800,000	$ 800,000	$ 839,518
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	-	-	-
Interest	2,000	2,000	-
Other	-	-	56,347
Total Revenues	802,000	802,000	895,865
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Housing and development	750,200	750,200	833,600
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total Expenditures	750,200	750,200	833,600
Excess (deficiency) of Revenues Over (Under) Expenditures	51,800	51,800	62,265
Other Financing Sources (Uses)			
Transfers—In	-	-	-
Transfers—Out	(51,800)	(51,800)	(58,504)
Total Other Financing Sources (Uses)	(51,800)	(51,800)	(58,504)
Net Change in Fund Balances	-	-	3,761
Fund Balances (Deficit) at Beginning	60,605	60,605	60,605
Fund Balances at End of Year	60,605	60,605	64,366

TOWN OF PINE MOUNTIN, GEORGIA
Pension Plan
Schedule of Changes in Net pension Liability and Related Ratios
Ten Fiscal Years Ended

	2015
Total Pension Liability	
Service cost	$ 17,027
Interest	78,574
Diff. expected and actual	(1,956)
Changes in assumptions	(12,189)
Benefit payments	(65,207)
Net change	16,249
Total liability beginning	1,046,457
Total liability ending	$ 1,062,706
Plan Fiduciary Net Position	
Contributions-Employer	$ 47,244
Net investment income	84,264
Benefit payments	(65,207)
Administrative expense	(2,156)
Net change	64,145
Fiduciary net position beginning	742,779
Fiduciary net position ending	$ 806,924
Net pension liability ending	$ 255,782
Plan fiduciary net position as a percentage of total pension liability	75.93%
Covered employee payroll	$ 503,922
Plan fiduciary net position as a percentage of covered payroll	50.76%

(Historical information prior to implementation of GASB 67/68 is not required)

TOWN OF PINE MOUNTAIN, GEORGIA
Schedule of Contributions

	2015
Actuarially determined contribution	*
Contributions in relation to the actuarially determined contribution	*
Contribution deficiency (excess)	*
Covered emplyee payroll	*
Contributions as a percentage of covered employee payroll	*

(Historical information prior to implementation of GASB 67/68 is not required)

* 2015 information was not determined as of the report date and will be included in the 2016 valuation report.

TOWN OF PINE MOUNTAIN, GEORGIA
Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-13	-	942,010	(942,010)	0.00%	82,441	1142.65%
6-30-14	-	807,514	(807,514)	0.00%	82,441	979.51%
6-30-15	-	952,131	(952,131)	0.00%	153,200	621.50%

TOWN OF PINE MOUNTAIN, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For Year Ended June 30, 2015

Budgetary Accounting

The Town budgets its operations on an annual basis for the General Fund. The proposed budget is prepared each year by a Budget Committee composed of the Mayor and Council. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Pine Mountain. The final proposed budget is presented at a Town Council meeting for final passage prior to June 30. The final budget is adopted at public meeting.

The Town prepares its budget on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public Safety, Public works, and Culture and Recreation. This constitutes the legal level of control. General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Council. Within these control levels, management may transfer appropriations without Council approval, with the exception of salary amounts.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. There were no outstanding encumbrances at year-end.

Valuation Date

The valuation date used in the Schedule of Contributions is as of January 1.one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions to Determine Contribution Rates

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3%
Salary increases	4.0% average, including inflation
Investment rate of return	6.50%, NET OF Plan investment expense, including inflation
Retirement age	In the 2015 actuarial valuation, expected retirement ages were adjusted to more closely reflect actual experience

Mortality	In the 2015 actuarial valuation, assumed expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table with sex-distinct rates

Changes in Assumptions

As a result of the Plan change to provide immediate participation for Employees, for the Fiscal Year ending in 2016, the eligibility assumption has been changed from six months to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actual experience.

Amounts reported in for the Fiscal Year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 20, 2014:

- The mortality table for disabled participants was changed to remove the two-year set forward for males and one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on or after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11% and included an inflation assumption of 3.5%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on the service credited under the Plan and has no impact on benefits.

TOWN OF PINE MOUNTAIN, GEORGIA
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2015

	Capital Outlay	Special Revenue		Total Non Major
	2004 SPLOST	TIA	LMIG	
ASSETS				
Cash	$ -	$ 32,822	$ 21,384	$ 54,206
Due from other funds	-	-	-	-
Accounts receivable	-	-	-	-
Total Assets	-	32,822	21,384	54,206
LIABILITIES AND FUND BALANCES				
Liabilities				
Unearned revenue	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted	-	32,822	21,384	54,206
Total Liabilities and Fund Balances	$ -	$ 32,822	$ 21,384	$ 54,206

TOWN OF PINE MOUNTAIN, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Governmental Funds
For the Year Ended June 30, 2015

	Capital Outlay	Special Revenue		Total
	2004 SPLOST	TIA	LMIG	Non Major
Revenues				
Intergovernmental	$ 6,550	$ 35,597	$ 34,869	$ 77,016
Total Revenues	6,550	35,597	34,869	77,016
Expenditures				
Public Works	-	43,510	13,485	56,995
Capital Outlay	6,550	-	-	6,550
Total Expenditures	6,550	43,510	13,485	63,545
Excess (deficiency) of Revenues Over (Under) Expenditures	-	(7,913)	21,384	13,471
Other Financing Sources				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	(7,913)	21,384	13,471
Fund Balances (Deficit) at Beginning	-	40,735	-	40,735
Fund Balances at End of Year	$ -	$ 32,822	$ 21,384	$ 54,206

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

Mayor and Council
Town of Pine Mountain
Pine Mountain, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pine Mountain, as of and for the year ended June 30, 2015, and the related notes to the financial statements,which collectively comprise the Town of Pine Mountain's basic financial statements and have issued my report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness: 15-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Pine Mountain, Georgia's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Pine Mountain, Georgia's Response to Findings

The Town of Pine Mountain, Georgia's response to the findings identified in my audit is described in the accompanying schedule of Findings and Responses. I did not audit Town of Pine Mountain, Georgia's responses and, accordingly, I express no opinion on it.

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 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.

Kim Kimmel CPA

Richland, Georgia
December 3, 2015

TOWN OF PINE MOUNTAIN, GEORGIA
Schedule of Findings and Responses
June 30, 2015

Material Weaknesses

15-1 Segregation of Duties

Condition: During my audit I noted that many transactions are processed from start to end by one individual. This condition existed in prior years as well.

Criteria: All transactions should require two or more individuals to initiate, summarize, post, and reconcile.

Effect: The potential exists for unauthorized transactions to be initiated and not discovered.

Response: The Town agrees with the finding and acknowledges the risk involved, but does not have the resources to provide for proper segregation of duties in all areas, and at all times. Where possible, all cash transactions require two or more employees to be involved in the transaction.