CITY OF PORTERDALE, GEORGIA

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

CITY OF PORTERDALE, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

Mayor and Council
City of Porterdale, Georgia
Porterdale, Georgia

Report on the Financial Statements

We 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 City of Porterdale, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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, each major fund, and the aggregate remaining fund information of the City of Porterdale, Georgia, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Porterdale, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, cumulative schedule of the Community Development Block Grant, and schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, cumulative schedule of the Community Development Block Grant, and schedule of projects constructed with special sales tax proceeds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, cumulative schedule of the Community Development Block

Grant, and schedule of projects constructed with special sales tax proceeds 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*, we have also issued our report dated August 11, 2016 on our consideration of the City of Porterdale, Georgia'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Porterdale, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
August 11, 2016

FINANCIAL STATEMENTS

CITY OF PORTERDALE, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 83,144	$ 59,273	$ 142,417
Receivables, net of allowance			
Taxes	61,516	-	61,516
Accounts	-	60,614	60,614
Due from other governments	365,991	-	365,991
Internal balances	71,379	(71,379)	-
Prepaid items	215	-	215
Nondepreciable assets	284,641	36,089	320,730
Depreciable assets, net	1,838,580	4,239,756	6,078,336
Total Assets	2,705,466	4,324,353	7,029,819
LIABILITIES			
Accounts payable	55,202	27,381	82,583
Accrued salaries and benefits	29,132	-	29,132
Accrued interest	-	5,854	5,854
Customer deposits	-	81,006	81,006
Short-term payable	344,630	-	344,630
Unearned revenues	285,578	-	285,578
Noncurrent liabilities			
Due within one year	43,893	238,363	282,256
Due in more than one year	59,573	1,093,259	1,152,832
Total Liabilities	818,008	1,445,863	2,263,871
NET POSITION			
Net investment in capital assets	2,033,151	2,946,175	4,979,326
Restricted			
Law enforcement	4,378	-	4,378
Unrestricted (Deficit)	(150,071)	(67,685)	(217,756)
Total Net Position	$ 1,887,458	$ 2,878,490	$ 4,765,948

The accompanying notes are an integral part of this financial statement.

CITY OF PORTERDALE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business - Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities							
General government	$ 207,229	$ 40,827	$ 2,250	$ 178,430	$ 14,278	$ -	$ 14,278
Judicial	66,110	-	-	-	(66,110)	-	(66,110)
Public safety	557,800	227,517	2,615	-	(327,668)	-	(327,668)
Public works	221,801	-	15,568	-	(206,233)	-	(206,233)
Culture and recreation	55,818	-	-	28,607	(27,211)	-	(27,211)
Housing and development	87,939	-	-	-	(87,939)	-	(87,939)
Interest on long-term debt	16,512	-	-	-	(16,512)	-	(16,512)
Total governmental activities	1,213,209	268,344	20,433	207,037	(717,395)	-	(717,395)
Business - Type Activities							
Water & Sewer	508,416	661,579	-	-	-	153,163	153,163
Sanitation	98,583	147,619	-	-	-	49,036	49,036
Total Business - Type Activities	606,999	809,198	-	-	-	202,199	202,199
Total Primary Government	$ 1,820,208	$ 1,077,542	$ 20,433	$ 207,037	(717,395)	202,199	(515,196)
		General Revenues					
		Property tax			356,936	-	356,936
		Sales tax			222,330	-	222,330
		Other taxes			232,192	-	232,192
		Insurance premium tax			82,340	-	82,340
		Insurance proceeds			23,583	-	23,583
		Miscellaneous			18,843	-	18,843
		Total General Revenues			936,224	-	936,224
		Transfers			(37,427)	37,427	-
		Total General Revenues and Transfers			898,797	37,427	936,224
		Change in Net Position			181,402	239,626	421,028
		Net Position - Beginning of year			1,706,056	2,638,864	4,344,920
		Net Position - End of year			$ 1,887,458	$ 2,878,490	$ 4,765,948

The accompanying notes are an integral part of this financial statement.

CITY OF PORTERDALE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	2005 SPLOST Fund	2011 SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 63,021	$ -	$ 14,842	$ 5,281	$ 83,144
Receivables, net of allowance					
Taxes	61,516	-	-	-	61,516
Due from other governments	49,650	303,924	12,417	-	365,991
Due from other funds	90,628	-	-	-	90,628
Prepaids	215	-	-	-	215
Advances to other funds	75,603	-	-	-	75,603
Total Assets	$ 340,633	$ 303,924	$ 27,259	$ 5,281	$ 677,097
LIABILITIES					
Accounts payable	$ 55,202	$ -	$ -	$ -	$ 55,202
Accrued expenses	29,132	-	-	-	29,132
Due to other funds	-	18,346	-	903	19,249
Tax anticipation note	-	-	344,630	-	344,630
Unearned revenue	-	285,578	-	-	285,578
Advances from other funds	-	-	75,603	-	75,603
Total Liabilities	84,334	303,924	420,233	903	809,394
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - property taxes	39,454	-	-	-	39,454
Total Deferred Inflow of Resources	39,454	-	-	-	39,454
FUND BALANCES					
Nonspendable	75,818	-	-	-	75,818
Restricted	-	-	-	4,378	4,378
Unassigned/(Deficit)	141,027	-	(392,974)	-	(251,947)
Total Fund Balances/(Deficit)	216,845	-	(392,974)	4,378	(171,751)
Total Liabilities , Deferred Inflows of Resources and Fund Balances	$ 340,633	$ 303,924	$ 27,259	$ 5,281	$ 677,097

The accompanying notes are an integral part of these financial statements.

CITY OF PORTERDALE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances/(Deficit) - Governmental Funds	$	(171,751)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,123,221
Long-term liabilities, including compensated absences and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.		(103,466)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		39,454
Net Position of Governmental Activities	$	1,887,458

The accompanying notes are an integral part of these financial statements.

CITY OF PORTERDALE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	2005 SPLOST Fund	2011 SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes					
Property tax	$ 345,244	$ -	$ -	$ -	$ 345,244
Sales tax	222,330	-	-	-	222,330
Insurance premium	82,340	-	-	-	82,340
Other taxes	232,192	-	-	-	232,192
License and permits	34,077	-	-	-	34,077
Fines	219,317	-	-	8,200	227,517
Intergovernmental	46,425	21,427	157,003	-	224,855
Charges for services	6,750	-	-	-	6,750
Contributions and donations	2,615	-	-	-	2,615
Rent	13,589	-	-	-	13,589
Other revenues	5,254	-	-	-	5,254
Total Revenues	1,210,133	21,427	157,003	8,200	1,396,763
Expenditures:					
Current					
General government	216,018	-	-	-	216,018
Judicial	66,110	-	-	-	66,110
Public safety	523,176	-	-	13,260	536,436
Public works	194,538	21,427	-	-	215,965
Culture and recreation	46,392	-	-	-	46,392
Housing and development	87,939	-	-	-	87,939
Debt service					
Principal	31,496	-	-	-	31,496
Interest	7,522	-	8,990	-	16,512
Capital Outlay	-	-	6,353	-	6,353
Total Expenditures	1,173,191	21,427	15,343	13,260	1,223,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,942	-	141,660	(5,060)	173,542
Other Financing Sources (Uses):					
Insurance proceeds	23,583	-	-	-	23,583
Transfers to other funds	(37,427)	-	-	-	(37,427)
Total Other Financing Sources (Uses)	(13,844)	-	-	-	(13,844)
Net change in fund balances	23,098	-	141,660	(5,060)	159,698
Fund Balance/(Deficit), beginning of year	193,747	-	(534,634)	9,438	(331,449)
Fund Balance/(Deficit), end of year	$ 216,845	$ -	$ (392,974)	$ 4,378	$ (171,751)

The accompanying notes are an integral part of these financial statements.

CITY OF PORTERDALE, 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 DECEMBER 31, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	$	159,698
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		11,692
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		40,285
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Total capital outlays		53,249
Total depreciation		(81,981)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.		(1,541)
Change in Net Position of Governmental Activities	$	181,402

The accompanying notes are an integral part of these financial statements.

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CITY OF PORTERDALE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with
Revenues:	Original	Final	Actual	Final Budget
Taxes				
Property tax	$ 302,000	$ 302,000	$ 345,244	$ 43,244
Motor vehicle tax	65,000	65,000	63,284	(1,716)
Intangible tax	2,500	2,500	4,022	1,522
Real estate transfer tax	600	600	2,434	1,834
Franchise tax	131,500	131,500	126,560	(4,940)
Alcoholic beverage excise tax	18,000	18,000	20,850	2,850
Local option sales tax	192,000	192,000	222,330	30,330
Business and occupation tax	11,000	11,000	8,698	(2,302)
Insurance premium tax	77,000	77,000	82,340	5,340
Penalties and interest	11,000	11,000	6,344	(4,656)
Licenses and permits	23,500	23,500	34,077	10,577
Intergovernmental	13,000	13,000	46,425	33,425
Charges for services	19,050	19,050	6,750	(12,300)
Fines and forfeitures	250,215	250,215	219,317	(30,898)
Contributions and donations	-	-	2,615	2,615
Rent	7,200	7,200	13,589	6,389
Miscellaneous revenues	9,000	9,000	5,254	(3,746)
Total Revenues	1,132,565	1,132,565	1,210,133	77,568
Expenditures:				
Current:				
General government				
Legislative	7,150	7,150	4,020	3,130
Administration	196,700	211,998	211,998	-
Judicial	64,900	66,110	66,110	-
Public safety				
Police	492,120	502,980	502,980	-
Custody of prisoners	31,000	31,000	9,315	21,685
Fire	10,000	10,881	10,881	-
Public works	186,015	194,538	194,538	-
Culture and recreation	-	46,392	46,392	-
Housing & development				
Planning & zoning	40,270	40,270	36,206	4,064
Economic development & assistance	75,310	75,310	51,733	23,577
Debt service				
Principal	25,500	31,496	31,496	-
Interest	3,600	7,522	7,522	-
Total Expenditures	1,132,565	1,225,647	1,173,191	52,456
Excess of Revenue Over (Under) Expenditures	-	(93,082)	36,942	130,024
Other Financing Sources (Uses):				
Insurance proceeds	-	-	23,583	23,583
Transfer to other funds	-	(37,427)	(37,427)	-
Total Other Financing Sources/(Uses)	-	(37,427)	(13,844)	23,583
Net change in fund balance	-	(130,509)	23,098	153,607
Fund balance, beginning of year	270,805	270,805	193,747	(77,058)
Fund balance, end of year	$ 270,805	$ 140,296	$ 216,845	$ 76,549

The accompanying notes are an integral part of these financial statements.

CITY OF PORTERDALE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business Activities - Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 59,273	$ -	$ 59,273
Accounts receivable net of allowance	51,844	8,770	60,614
Total current assets	111,117	8,770	119,887
Noncurrent assets			
Capital assets			
Nondepreciable assets	36,089	-	36,089
Depreciable assets, net	4,223,836	15,920	4,239,756
Total capital assets	4,259,925	15,920	4,275,845
Total assets	4,371,042	24,690	4,395,732
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities			
Accounts payable	21,493	5,888	27,381
Accrued interest	5,854	-	5,854
Due to other funds	52,971	18,408	71,379
Customer utility deposits	81,006	-	81,006
Compensated absences	1,324	335	1,659
Current maturities of long-term debt	236,704	-	236,704
Total Current Liabilities	399,352	24,631	423,983
Long-Term Liabilities			
Compensated absences	234	59	293
Long-term debt, less current portion	1,092,966	-	1,092,966
Total Long-Term Liabilities	1,093,200	59	1,093,259
Total Liabilities	1,492,552	24,690	1,517,242
Net Position:			
Net investment in capital assets	2,930,255	15,920	2,946,175
Unrestricted (Deficit)	(51,765)	(15,920)	(67,685)
Total Net Position	$ 2,878,490	$ -	$ 2,878,490

The accompanying notes are an integral part of the statements.

CITY OF PORTERDALE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business Activities - Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Operating revenues			
Charges and fees	$ 626,814	$ 143,338	$ 770,152
Penalties	14,119	4,281	18,400
Other fees	20,646	-	20,646
Total Operating Revenues	661,579	147,619	809,198
Operating expenses			
Personnel services and employee benefits	80,168	35,426	115,594
Purchased and contracted services	212,034	8,184	220,218
Landfill fees	-	30,981	30,981
Professional fees	10,518	-	10,518
Contract fees	23,356	-	23,356
Materials and supplies	20,047	21,467	41,514
Depreciation	104,230	2,525	106,755
Total Operating Expenses	450,353	98,583	548,936
Operating Income	211,226	49,036	260,262
Nonoperating revenues (expenses)			
Interest expense	(58,063)	-	(58,063)
Total nonoperating revenues (expenses)	(58,063)	-	(58,063)
Net income before transfers	153,163	49,036	202,199
Transfers in	91,614	37,427	129,041
Transfers out	-	(91,614)	(91,614)
Net transfers	91,614	(54,187)	37,427
Changes in net position	244,777	(5,151)	239,626
Net position - beginning of year	2,633,713	5,151	2,638,864
Net position - end of year	$ 2,878,490	$ -	$ 2,878,490

The accompanying notes are an integral part of the statements.

CITY OF PORTERDALE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business Activities - Enterprise Funds		
	Water and Sewer	Sanitation Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 646,721	$ 142,689	$ 789,410
Cash payments to employees for services	(80,168)	(35,426)	(115,594)
Cash payments to other suppliers of goods or services	(342,062)	(53,076)	(395,138)
Net cash provided by (used for) operating activities	224,491	54,187	278,678
Cash flows from noncapital financing activities			
Transfer from other funds	91,614	37,427	129,041
Transfer to other funds	-	(91,614)	(91,614)
Net cash provided by (used for) Noncapital financing activities	91,614	(54,187)	37,427
Cash flows from capital and related financing activities			
Interest paid on long-term debt	(63,663)	-	(63,663)
Principal paid on long-term debt	(248,259)	-	(248,259)
Net cash provided by (used for) capital and related financing activities	(311,922)	-	(311,922)
Net increase (decrease) in cash and cash equivalents	4,183	-	4,183
Cash and cash equivalents, beginning of year	55,090	-	55,090
Cash and cash equivalents, end of year	$ 59,273	$ -	$ 59,273

The accompanying notes are an integral part of the statements.

CITY OF PORTERDALE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

	Business Activities - Enterprise Funds		
	Water and Sewer	Sanitation Fund	Total
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (loss)	$ 211,226	$ 49,036	$ 260,262
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	104,230	2,525	106,755
Changes in operating assets and liabilities:			
Accounts receivable	(14,386)	(4,930)	(19,316)
Accounts payable	(76,353)	(10,807)	(87,160)
Due to other funds	(4,357)	18,408	14,051
Compensated absences	246	(45)	201
Customer deposits	3,885	-	3,885
Net cash provided (used) by operating activities	$ 224,491	$ 54,187	$ 278,678

The accompanying notes are an integral part of the statements.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

City of Porterdale, Georgia, was established under the provisions of an act of the General Assembly of Georgia. The City operates as a municipality and provides the following services as authorized by state law: public safety, highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of City of Porterdale, Georgia, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of City of Porterdale, Georgia, (the primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Downtown Development Authority, as of December 31, 2015. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

Porterdale Historic Preservation Commission

The Porterdale Historic Preservation Commission was established by the City of Porterdale. The City, by virtue of its appointments, controls a majority of the governing body positions. The Commission is required to provide the city with a proposed operating budget each year. Its stated purpose is to protect and enhance local historical and aesthetic attractions to tourists thereby promoting and stimulating business and to establish a uniform procedure for use in providing for the protection, enhancement, perpetuation, and use of places, districts, sites, buildings, structures, objects, landscape features and works of art having a special historical, cultural, or aesthetic interest of value.

There were no assets, liabilities, or activities for the Commission for the year ended December 31, 2015.

Downtown Development Authority

The Downtown Development Authority is governed by a two member Board of Directors. The directors are appointed as provided by O.C.G.A Section 36-41-1. All Directors must be approved by the City of Porterdale City Council. There were no assets, liabilities, or activities for the Downtown Development Authority for the year ended December 31, 2015.

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Under Georgia Law, the City, in conjunction with other cities and counties in the middle Georgia area, is a member of the Northeast Georgia Regional Commission (the "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 organizational structure of the RC in Georgia. The RC Council 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:

Northeast Georgia Regional Commission
305 Research Drive
Athens, GA 30605

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activity of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with 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 individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government wide statements.

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 as program revenues.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, license and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

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

2005 SPLOST Fund – The 2005 SPLOST Fund accounts for the revenues and expenses associated with the special local option sales tax collected by the County to be used for road construction projects, train station renovation and gym renovation.

2011 SPLOST Fund – The 2011 SPLOST Fund accounts for the revenues and expenses associated with the special local option sales tax collected by the County to be used for transportation projects, gym renovation and recreation projects.

The government reports the following major proprietary funds:

The Water & Sewer Fund is used to account for the providing of water and sewer services to the citizens of the City.

The Sanitation Fund is used to account for the providing of sanitation services to the citizens of the City.

D. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current

exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Interfund receivables and payables

The City, during the course of normal operations, has numerous transactions between funds including expenditures and transfers of resources to provide services, service debt and construct assets. Interfund transfers are recorded as other financing sources and uses, unless the intent of the transfer is to advance operating funds on a short-term basis. These interfund receivables are recorded in due to/due from accounts, and no interest is charged. All short-term interfund receivables are considered available spendable resources.

Noncurrent portions of long-term interfund receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

F. Other receivables

All utility fees, trade, and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

G. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

H. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years and an initial, individual cost of more than $5,000 for items other than infrastructure. Infrastructure having a value of $100,000 or greater shall be capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Improvements	15 – 50 years
Equipment	5 – 10 years
Vehicles	5 years
Water and Sewer System	40 years

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

J. Deferred Inflows / Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Accumulated annual and sick leave costs

Accumulated unpaid sick leave costs are not vested and are not accrued in any fund, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs are accrued when incurred in the proprietary funds. Accumulated unpaid vacation cannot be carried forward after December 31 of each year, except for police department employees who are allowed to carry forward accrued unpaid vacation. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

M. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for most types of risk. For these risks, no settlements exceeded insurance coverage. The City had no significant reduction in insurance coverage from coverage in the prior year.

The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

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

For the year ending December 31, 2015, the City's total contribution was $29,461 for the Workers Compensation Fund.

N. Fund Balance

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City has authorized the City Council to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of December 31, 2015:

	General Fund	2011 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepaids	$ 215	$ -	$ -	$ 215
Advances	75,603	-	-	75,603
Restricted:				
Law enforcement	-	-	4,378	4,378
Unassigned	141,027	(392,974)	-	(251,947)
Total fund balances/(deficit)	$ 216,845	$ (392,974)	$ 4,378	$ (171,751)

O. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget process

The annual budget document is the financial plan for the operation of City of Porterdale, Georgia. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.
An annual operating budget is prepared for the General Fund. Budgets are prepared for Capital Projects Funds on a project-length basis, which usually covers two or more fiscal years. Proprietary Fund budgets are prepared and utilized as a management tool to assess the operations of the Water and Sewer Fund. The City Manager formulates and remits the budget to the Council. After review by the Council and a public hearing, a final budget is approved and the budget resolution adopted.

The City Manager is delegated the authority, to transfer sums from one budget category to another within the same department. No increase in the overall budget for the City may be made without the approval of the Council and amendment to the budget.

The General Fund is subject to budgetary control at the department level. Unencumbered appropriations in the annual operating budget lapse at year-end.

B. Deficit Fund Balance

The 2011 SPLOST capital projects fund had a deficit fund balance of $392,974. The fund incurred expenditures prior to the receipt of sales taxes. The City plans to eliminate this deficit with future sales taxes.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of December 31, 2015 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

NOTE 4 – TAX REVENUE

Property tax

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	July 28	January 1
Due Date and Collection Date	December 20	Staggered
Tax Execution Date/Lien Date	December 20	N/A

Upon completion of all assessments and tax returns, the information is turned over to the Newton County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The total real and personal property tax levy is recorded as revenue in the fiscal year in which such amounts will be available as net current assets. In the accompanying financial statements, the property tax levy for the tax year 2015 has been recognized as revenue, since payment of these taxes was due during the current fiscal year.

NOTE 5 – OTHER RECEIVABLES

Receivables at December 31, 2015 consist of the following:

	General Fund	Water Sewer Fund	Sanitation Fund	Total
Taxes	$ 94,114	$ -	$ -	$ 94,114
Accounts	-	144,063	31,825	144,063
Allowance	(32,598)	(92,219)	(23,055)	(124,817)
Net receivables	$ 61,516	$ 51,844	$ 8,770	$ 113,360

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at December 31, 2015 are as follows:

Fund	State	County	Total
General	$ 49,650	$ -	$ 49,650
2005 SPLOST	-	303,924	303,924
2011 SPLOST	-	12,417	12,417
Total	$ 49,650	$ 316,341	$ 365,991

The amount due from the state government represents local option sales tax revenues. The amount due for the county represents special purpose local option sales tax proceeds held by Newton County.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of the due to / from other funds as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer	$ 52,971
	Sanitation	18,408
	2005 SPLOST	18,346
	Nonmajor Governmental Fund	903
		$ 90,628

The outstanding balances between funds result mainly from the time lag between the dates that payments between funds are made.

The composition of the advances balances as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	2011 SPLOST	$ 75,603
Total		$ 75,603

Management intends to pay off this balance with future special purpose local options sales tax proceeds.

Interfund transfers:

Transfer Out	Transfer In	Amount
General Fund	Sanitation Fund	$ 37,427
Sanitation Fund	Water & Sewer Fund	91,614
Total		$ 129,041

Transfers are used to record the allocation of expenses among the various funds, primarily salaries, payroll taxes, insurance, etc.

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning	Increases	Decreases	Ending
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 284,641	$ -	$ -	$ 284,641
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	284,641	-	-	284,641
Capital assets, being depreciated				
Buildings and improvements	1,852,140	43,392	-	1,895,532
Equipment	119,913	9,857	(32,761)	97,009
Vehicles	269,072	-	(70,022)	199,050
Total capital assets, being depreciated	2,241,125	53,249	(102,783)	2,191,591
Less accumulated depreciation for:				
Buildings and improvements	(108,960)	(47,450)	-	(156,410)
Equipment	(106,335)	(4,013)	31,220	(79,128)
Vehicles	(156,977)	(30,518)	70,022	(117,473)
Total accumulated depreciation	(372,272)	(81,981)	101,242	(353,011)
Total capital assets, being depreciated, net	1,868,853	(28,732)	(1,541)	1,838,580
Governmental activities capital assets, net	$ 2,153,494	$ (28,732)	$ (1,541)	2,123,221
Less related long-term debt outstanding				(90,070)
Net investment in capital assets				$ 2,033,151

	Beginning	Transfers	Increases	Decreases	Ending
Business-type activities:					
Capital assets, not being depreciated					
Land	$ 31,968	$ -	$ -	$ -	$ 31,968
Construction in progress	4,121		-	-	4,121
Total capital assets, not being depreciated	36,089	-	-	-	36,089
Capital assets, being depreciated					
Equipment	106,075	-	-	-	106,075
Water and sewer system	5,709,910	-	-	-	5,709,910
Sanitation equipment	315,055	-	-	-	315,055
Total capital assets, being depreciated	6,131,040	-	-	-	6,131,040
Less accumulated depreciation for:					
Equipment	(45,400)	-	(6,082)	-	(51,482)
Water and sewer system	(1,442,519)	-	(98,148)	-	(1,540,667)
Sanitation equipment	(296,610)	-	(2,525)	-	(299,135)
Total accumulated depreciation	(1,784,529)	-	(106,755)	-	(1,891,284)
Total capital assets, being depreciated, net	4,346,511	-	(106,755)	-	4,239,756
Business-type activities capital assets, net	$ 4,382,600	$ -	$ (106,755)	$ -	4,275,845
Less related long-term debt outstanding					(1,329,670)
Net investment in capital assets					$ 2,946,175

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

Governmental activities:	
Public safety	$ 29,680
Public works	5,836
Culture and recretion	46,465
Total depreciaton expense - governmetal activities	$ 81,981
Business-type activities:	
Water and sewer	$ 104,230
Sanitation	2,525
Total depreciation expenses - business-type activities	$ 106,755

NOTE 9 – LONG-TERM DEBT

Notes payable

In October 1993, Newton County obtained approval of a $2,000,000 GEFA loan to upgrade the City's water and sewer system. Proceeds from GEFA loan #93-011-WJ were used to pay for construction and engineering costs of the project. The City assumed ownership of the system improvements and is responsible for repayment to Newton County. The loan closed in 1999 with a principal balance of $1,854,837. Porterdale is repaying Newton County in 80 quarterly installments of $39,360, including interest at 4.8%. Interest on the note totaled $18,790 for 2015.

In 2004, the City obtained approval of a $2,000,000 GEFA loan to acquire the rights for an increase to the sewer capacity. Proceeds from GEFA loan #2004-L02WQ were used to pay for costs of the project. The loan closed in May 2007 with a principal balance of $1,684,000. The City is repaying GEFA in 240 monthly installments of $10,119, including interest at 3.87%. Interest on the note totaled $48,798 for 2015.

Capital leases

During 2012, the City entered into a capital lease with the Georgia Municipal Association in the amount of $36,880 for the purchase of equipment. The loan payments are made monthly in the amount of $568 including interest at 3.47%.

During 2013, the City entered into a capital lease with the Georgia Municipal Association in the amount of $97,537 for the purchase of police vehicles. The loan payments are made monthly in the amount of $1,924 including interest at 2.99%.

During 2014, the City entered into a capital lease with the Georgia Municipal Association in the amount of $55,040 for the purchase of a vehicle, a garbage truck, and equipment. The loan payments are made monthly in the amount of $986 including interest at 3.51%.

Assets under capital leases as of December 31, 2015 consist of:

	Estimated Useful Life	Cost	Depreciation Expense	Accumulated Depreciation
Governmental activites:				
Vehicles	5 years	$ 194,050	$ 28,769	$ 115,057
Equipment	7 years	8,800	1,760	1,760
Total governmental activities		$ 202,850	$ 30,529	$ 116,817
Business-type activities:				
Building	50 years	$ 40,663	$ 813	$ 7,143
Equipment	7 years	36,880	5,269	19,319
Total business-type activities		$ 77,543	$ 6,082	$ 26,462
Total assets under capital leases		$ 280,393	$ 36,611	$ 143,279

Changes in long-term liabilities

Long-term debt activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 22,185	$ 21,687	$ (30,476)	$ 13,396	$ 11,387
Capital leases	121,566	-	(31,496)	90,070	32,506
Total governmental activities	$ 143,751	$ 21,687	$ (61,972)	$ 103,466	$ 43,893
Business-type activities:					
Compensated absences	$ 1,751	$ 7,933	$ (7,732)	$ 1,952	$ 1,659
Capital lease	20,417	-	(6,207)	14,210	6,426
Notes payable					
GEFA loan # 93-011-WJ	355,666	-	(165,797)	189,869	151,019
GEFA loan # 2004-L02WQ	1,201,846	-	(76,255)	1,125,591	79,259
Total business-type activity	$ 1,579,680	$ 7,933	$ (255,991)	$ 1,331,622	$ 238,363
Long-term liabilities	$ 1,723,431	$ 29,620	$ (317,963)	$ 1,435,088	$ 282,256

For the governmental activities, compensated absences are generally liquidated by the general fund. For the business-type activities, long-term liabilities are generally liquidated by the Water & Sewer Fund and Sanitation Fund.

Annual debt service requirements to maturity for the above capital leases are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	$ 32,506	$ 2,414	$ 6,426	$ 392
2017	33,549	1,371	6,653	165
2018	21,060	395	1,131	5
2019	2,955	17	-	-
	$ 90,070	$ 4,197	$ 14,210	$ 562

Annual debt service requirements to maturity for the above notes payable is as follows:

GEFA Loan # 93-011-WJ:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2016	$ 151,019	$ 6,422
2017	38,850	466
Total	$ 189,869	$ 6,888

GEFA Loan # 2004-L02-WQ:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2016	$ 79,259	$ 42,164
2017	82,381	39,042
2018	85,627	35,797
2019	89,000	32,424
2020	92,506	28,917
2021-2025	520,150	86,967
2026-2027	176,668	5,467
	$ 1,125,591	$ 270,778

NOTE 10 – TAX ANTICIPATION NOTES

During 2015, the City obtained a tax anticipation note (TAN) in the General Fund in the amount of $170,000 to finance general obligations of the City. The note bore interest at 4.25% and was due on December 31, 2015. The note was paid off during 2015 from General Fund revenues. Interest on the note totaled $4,097.

As of December 31, 2015, the City's SPLOST 2011 fund reported a tax anticipation note with an outstanding balance of $344,630. The note bears an interest rate of 4.25%. The outstanding balance was renewed and is to be repaid by December 31, 2016. Interest paid on the note totaled $8,990.

Short-term debt activity for the year ended December 31, 2015 was as follows:

		Beginning Balance	Issued	Retired	Ending Balance
Governmental Activities:					
General Fund	Ad valorem TAN	$ -	$ 170,000	$ (170,000)	$ -
2011 SPLOST	SPLOST TAN	457,935	-	(113,305)	344,630
Governmental activities Short-term debt		$ 457,935	$ 170,000	$ (283,305)	$ 344,630

Compliance

Georgia code(O.C.G.A. 9-5-5) states that temporary loans may be incurred each year to pay expenses, but that such loans shall be payable on or before December 31 of the calendar year in which such loan is made. Currently, the TAN used to finance SPLOST expenditures is not in compliance with state law regarding short-term financing.

NOTE 11 – EMPLOYEE RETIREMENT PLAN

The City is a participating member of the Georgia Municipal Association defined contribution retirement plan. The plan is administered by the Georgia Municipal Association. As of December 31, 2015, there were eight participants from the government. Plan members are allowed to make voluntary contributions to the plan. The City is not required to make contributions to the plan but can make voluntary contributions to the plan. Plan provisions and contribution requirements are established by City resolution and may be amended by the City. Total contributions for the year ended December 31, 2015, were $5,010 by the employees and $11,100 by the government.

NOTE 12 – CONTINGENT LIABILITIES

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities of which he is aware that will impair the City's financial position as of the date of this audit report.

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through August 11, 2016, the date which the financial statements were available to be issued.

During August 2016, The City obtained a tax anticipation note (TAN) in the General Fund in the amount of $175,000 to finance general obligations of the City.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Drug Seizure Fund - This fund is used to account for condemned funds that are restricted for law enforcement expenditures.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

CDBG - This fund is used to account for the CDBG grant monies that are restricted for the rehabilitation, construction, demolition or reconstruction of housing.

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CITY OF PORTERDALE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Drug Seizure	CDBG	
ASSETS			
Cash and cash equivalents	$ 4,378	$ 903	$ 5,281
Total Assets	$ 4,378	$ 903	$ 5,281
LIABILITIES			
Due to other funds	$ -	$ 903	$ 903
Total Liabilities	-	903	903
FUND BALANCES			
Restricted:			
Law enforcement	4,378	-	4,378
Total Fund Balances	4,378	-	4,378
Total Liabilities and Fund Balances	$ 4,378	$ 903	$ 5,281

CITY OF PORTERDALE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Drug Seizure	CDBG	
REVENUES			
Fines and forfeitures	$ 8,200	$ -	$ 8,200
Total Revenues	8,200	-	8,200
EXPENDITURES			
Current			
Law enforcement	13,260	-	13,260
Total Expenditures	13,260	-	13,260
Net change in fund balance	(5,060)	-	(5,060)
Fund Balances - Beginning of year	9,438	-	9,438
Fund Balance - End of Year	$ 4,378	$ -	$ 4,378

CITY OF PORTERDALE, GEORGIA

DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Fines and forfeitures	$ -	$ 8,200	$ 8,200
Total Revenues	-	8,200	8,200
EXPENDITURES			
Current			
Law enforcement	13,260	13,260	-
Total Expenditures	13,260	13,260	-
Net change in fund balance	(13,260)	(5,060)	8,200
Fund Balances - Beginning of year	9,438	9,438	-
Fund Balance - End of Year	$ (3,822)	$ 4,378	$ 8,200

CITY OF PORTERDALE, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT
#12h-x-107-2-5440
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2015

	Prior Years	Current Year	Total to Date	Project Authorization
Revenues:				
Department of Community Affairs	$ 10,343	$ -	$ 10,343	$ 266,623
Total Revenues	10,343	-	10,343	266,623
Expenditures:				
H-14A-01 Rehabilitation of Private Properties	10,343	-	10,343	266,623
Total Expenditures	10,343	-	10,343	266,623
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -

CITY OF PORTERDALE, GEORGIA

SCHEDULE OF PROJECTS
SPECIAL PURPOSE LOCAL OPTION SALES TAX
DECEMBER 31, 2015

	Original Estimated Cost	Amended Budget	Expenditures		
			Prior Years	Current Year	Total
Special Local Option Sales Tax July 1, 2005					
Train Station	$ 55,680	$ 55,680	$ 55,680	$ -	$ 55,680
Roads	409,736	409,736	95,768	21,427	117,195
Gym	444,320	444,320	449,908	-	449,908
Total 2005 SPLOST	$ 909,736	$ 909,736	$ 601,356	$ 21,427	$ 622,783
Special Local Option Sales Tax July 1, 2011					
Historic Preservation, Design & Renovation of Gym	$ 450,000	$ 450,000	$ 802,036	$ 15,343	$ 817,379
Transportation Projects	240,000	240,000	161,634	-	161,634
Recreation	140,000	140,000	171,691	-	171,691
Total 2011 SPLOST	$ 830,000	$ 830,000	$ 1,135,361	$ 15,343	$ 1,150,704

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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*

City of Porterdale
Porterdale, Georgia

We 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 City of Porterdale, Georgia as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Porterdale, Georgia's basic financial statements, and have issued our report thereon dated August 11, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2015-001 and 2015-002.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Porterdale, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2015-003.

City of Porterdale, Georgia's Response to Findings

City of Porterdale, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Porterdale, Georgia's response was not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macon, Georgia
August 11, 2016

FINANCIAL STATEMENT FINDINGS

Findings noted on the 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:

2015-001 Accounts Payable/Expenditures or Expenses

CRITERIA

In accordance with generally accepted accounting principles, expenditures or expenses are classified in the fund where the revenues are generated to finance the expenses of the period. Year end procedures are necessary to ensure that expenditures or expenses are recorded in the appropriate fund.

CONDITION

The City does not have adequate accounting procedures to insure that expenditures or expenses are recorded and properly classified when a liability is incurred. Also, the City has not been consistent in posting of transactions requiring several reclassifications and correcting entries to properly report activity.

CONTEXT

Audit adjustments were needed to fairly state and classify expenditures or expenses for the year ended December 31, 2015. The adjustments are summarized as follows:

- Adjustment of $18,408 was necessary in the General Fund to reduce transfers to the Sanitation Fund. The City did not manage the transfers to the Sanitation Fund for 2015.
- Adjustment of $11,503 was necessary in the Water and Sewer Fund to increase expenses for contract labor, water-resale, and repair and maintenance.
- Adjustment of $4,532 was necessary in the Water and Sewer Fund to increase interest expenditures and the corresponding GEFA Loan liability.

EFFECT

The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE

The City lacked the technical expertise to insure the recording and proper classification of incurred expenditures or expenses at the end of the fiscal period.

RECOMMENDATION

The City should establish procedures to insure the proper accrual and classification of all liabilities incurred during the fiscal period. The City should also consider providing additional training to personnel.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City will work with the retained outside consultant for additional training on how to record expenses and expenditures in the proper fiscal year.

2015-002 Accounts Receivable/Revenue

CRITERIA
Accounting procedures should be designed to insure that revenue is accrued and recognized when it becomes both measurable and available to finance expenditures of the fiscal period.

CONDITION
Various revenue items were not recorded in the proper fiscal period for 2015.

CONTEXT
Material audit adjustments were required to fairly state and classify revenues for the year ended December 31, 2015.

- An adjustment of $28,607 was necessary to increase state government grant revenue in the General Fund. The City had not recorded a drawdown received in February 2016 from DNR for the Yellow River grant.
- An adjustment of $8,188 was necessary to increase SPLOST revenue and to reduce unearned revenue in the 2005 SPLOST Fund.
- The City has not been consistent in its posting of transactions requiring reclassification and correcting entries to properly report activity for insurance premium tax, intangibles tax, real estate transfer, and other revenue accounts.

EFFECT
The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The City did not have adequate accounting procedures in place to insure the accrual of revenues in the proper fiscal year.

RECOMMENDATION
We recommend that the City develop procedures to insure the recording of revenues when they become measurable and available to finance expenditures of the fiscal period. We recommend the City develop procedures to ensure that revenues are properly classified.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management agrees with the finding. The City will work with the retained outside consultant for additional training on how to record revenues in the proper fiscal year.

COMPLIANCE FINDINGS

2015-003 SPLOST Tax Anticipation Note

CRITERIA
Georgia code (O.C.G.A. Article 9, Section 5, Paragraph 5) states that temporary loans may be incurred each year to pay expenses but that such loans shall be payable on or before December 31 of the calendar year in which such loan is made.

CONDITION
The City obtained a tax anticipation note on the City's SPLOST revenue during 2015 that was to be repaid by December 31, 2015. The City was not able to fully repay this loan so the City renewed this tax anticipation note in December 2015.

CONTEXT
The City plans to repay the $344,630 tax anticipation note over the next four years as the SPLOST revenues are generated and received by the City.

EFFECT
The City has not complied with State law regarding short-term debt.

CAUSE
The City did not have sufficient knowledge of the State laws regarding short-term debt and fund accounting.

RECOMMENDATION
Management should review with the City attorney the legal ramifications for this tax anticipation note and establish procedures to prevent a reoccurrence.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management agrees with the finding. The City will work toward paying off the SPLOST Anticipation Note at the end of the calendar year. Management will work more closely with the city attorney to ensure compliance with state regulations.

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