

CITY OF METTER, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	3
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet-Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	19
Statement of Net Position-Proprietary Fund-Water and Sewer System Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position-Proprietary Fund-Water and Sewer System Fund	22
Statement of Cash Flows-Proprietary Fund-Water and Sewer System Fund	23
Notes to the Financial Statements	24
Supplementary Information:	
Major Governmental Funds:	
General Fund	
Comparative Balance Sheets	41
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	42

2005 SPLOST Capital Projects Fund	
Comparative Balance Sheets	43
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	44
2011 SPLOST Capital Projects Fund	
Comparative Balance Sheets	45
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	46
T-SPLOST Capital Projects Fund	
Comparative Balance Sheets	47
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	48
Non-Major Governmental Funds:	
Hotel/Motel Tax Special Revenue Fund	
Comparative Balance Sheets	49
Statement of Revenues, Expenditures, and Changes in Fund Balances	50
Major Enterprise Funds:	
Water and Sewer System Fund	
Comparative Statement of Net Position	51
Comparative Statement of Revenues, Expenses, and Changes in Net Position	52
Schedule of Projects Paid with Special Purpose Local Option Sales Tax Proceeds	53
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 <i>GOVERNMENT AUDITING STANDARDS</i>	54

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Metter, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Metter, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Metter, Georgia, as of September 30, 2014, and the

respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Metter, Georgia's basic financial statements. The individual fund financial statements and the schedule of projects paid with special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and the schedule of projects paid with special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and the schedule of projects paid with special purpose local option 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 February 25, 2015, on our consideration of the City of Metter, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Metter, Georgia's internal control over financial reporting and compliance.

Thigpen, Lanier, Westerfill + Dal

Statesboro, Georgia
February 25, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Metter, Georgia's (the City's) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City had total net position (assets exceeded liabilities) of \$26,388,332 at 2014 fiscal year-end.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$22,785,420 includes property and equipment, net of accumulated depreciation, reduced by outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$1,864,582 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$1,738,330 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$3,104,800, compared to \$3,107,515 in fiscal year 2013. This is a \$2,715 (or 0.1%) decrease.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$967,706, or 31.3% of total General Fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales and property taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and

charges. Governmental activities include general government, public safety, public works, health and welfare, culture and recreation, and housing and development. Business-type activities include the water and sewer system.

The government-wide financial statements are presented on pages 13 and 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all other (non-major) funds are combined into a single, aggregated presentation. More detailed information for individual funds is provided in a later section of this report.

The City has two kinds of funds:

1. *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15-20 of this report.

2. *Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's only proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City for water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 21-23 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Financial Analysis of the City as a Whole

The City's net position at the end of fiscal year 2014 was \$26,388,332, compared to the fiscal year 2013 figure of \$14,283,808. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets	\$ 3,636,365	\$ 3,332,707	\$ 668,374	\$ 1,187,330	\$ 4,304,739	\$ 4,520,037
Capital assets	17,715,197	5,830,797	5,748,349	5,060,021	23,463,546	10,890,818
Total assets	21,351,562	9,163,504	6,416,723	6,247,351	27,768,285	15,410,855
Liabilities:						
Current liabilities	558,735	226,725	222,787	186,584	781,522	413,309
Long-term liabilities	163,208	174,312	435,223	539,426	598,431	713,738
Total liabilities	721,943	401,037	658,010	726,010	1,379,953	1,127,047
Net position:						
Net investment in capital assets	17,560,458	5,662,390	5,224,962	4,437,940	22,785,420	10,100,330
Restricted for capital projects	1,864,582	1,796,673	-	-	1,864,582	1,796,673
Unrestricted	1,204,579	1,303,404	533,751	1,083,401	1,738,330	2,386,805
Total net position	\$ 20,629,619	\$ 8,762,467	\$ 5,758,713	\$ 5,521,341	\$ 26,388,332	\$ 14,283,808

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities, and is an indication of the ability to pay current obligations. For fiscal year 2014, the current ratio for governmental activities is 6.5 and 3.0 for business type activities. For fiscal year 2013, the current ratio for governmental activities was 14.7, and for business type activities 6.4. For the City, overall, the current ratio for fiscal year 2014 is 5.5, compared to 10.9 for fiscal year 2013.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased by \$11,867,152 for governmental activities and by \$237,372 for business-type activities. The City's overall financial position increased \$12,104,524 during fiscal year 2014.

Note that 85.1% of the governmental activities' net position was invested in capital assets. The City uses these capital assets to provide services to its citizens. During the year ended September 30, 2014, the Candler County Board of Education contributed its former elementary and middle school campuses to the City. This contributed property was recognized in the financial statements for \$11,545,972. On the business type activities, the City has spent 90.7% of its net position on capital assets. Capital assets in the business type activities provide utility services, which generate revenues for this fund. Expansion of these systems is necessary for the continued growth of the City and for its financial position, as this utility system generates considerable revenue for all the City's operations. 86.3% of the City's total net position was included in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
For the Year Ended September 30, 2014

City of Metter, Georgia

The following table provides a summary of the City's changes in net position:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program:						
Charges for services	\$ 581,584	\$ 568,643	\$ 1,131,118	\$ 1,106,725	\$ 1,712,702	\$ 1,675,368
Operating grants	223,411	247,720	-	-	223,411	247,720
Capital grants and contributions	957,958	1,058,366	-	374,318	957,958	1,432,684
General:						
Taxes	2,085,921	2,059,462	-	-	2,085,921	2,059,462
Donated capital assets	11,545,972	-	-	-	11,545,972	-
Other	72,133	118,997	1,050	1,841	73,183	120,838
Total revenues	<u>15,466,979</u>	<u>4,053,188</u>	<u>1,132,168</u>	<u>1,482,884</u>	<u>16,599,147</u>	<u>5,536,072</u>
Program Expenses:						
General government	610,981	503,761	-	-	610,981	503,761
Municipal court	9,324	9,280	-	-	9,324	9,280
Public safety	1,455,637	1,206,973	-	-	1,455,637	1,206,973
Public works	889,668	974,327	-	-	889,668	974,327
Health and welfare	22,285	10,556	-	-	22,285	10,556
Culture and recreation	186,436	152,992	-	-	186,436	152,992
Housing and development	226,658	193,819	-	-	226,658	193,819
Interest	5,643	4,244	-	-	5,643	4,244
Water and sewer	-	-	1,087,991	1,091,229	1,087,991	1,091,229
Total expenses	<u>3,406,632</u>	<u>3,055,952</u>	<u>1,087,991</u>	<u>1,091,229</u>	<u>4,494,623</u>	<u>4,147,181</u>
Excess (deficiency)	12,060,347	997,236	44,177	391,655	12,104,524	1,388,891
Transfers	(193,195)	(53,272)	193,195	53,272	-	-
Change in net position	11,867,152	943,964	237,372	444,927	12,104,524	1,388,891
Beginning net position	<u>8,762,467</u>	<u>7,818,503</u>	<u>5,521,341</u>	<u>5,076,414</u>	<u>14,283,808</u>	<u>12,894,917</u>
Ending net position	<u>\$ 20,629,619</u>	<u>\$ 8,762,467</u>	<u>\$ 5,758,713</u>	<u>\$ 5,521,341</u>	<u>\$ 26,388,332</u>	<u>\$ 14,283,808</u>

GOVERNMENTAL REVENUES

The City is heavily reliant on taxes to support governmental activities operations. In total, taxes make up 53.2% of revenues, excluding donated capital assets, as compared to 50.8% in fiscal year 2013. Sales taxes provided \$614,167 or 15.7% of the City's total governmental activities revenues, excluding donated capital assets, as compared to 15.8% in fiscal year 2013. Property taxes are the largest revenue source totaling \$759,934 of revenues, excluding donated capital assets, or 19.4% of total revenues as compared to 17.2% in fiscal year 2013.

Capital grants include \$501,117 in special purpose local option sales taxes (SPLOST) received from Candler County for capital projects, \$41,776 in transportation special purpose local option sales taxes discretionary funding and \$365,405 in revenue received from the state for TIA projects (T-SPLOST). SPLOST and T-SPLOST revenue provided 23.2% of the City's total governmental revenues, excluding donated capital assets, as compared to 13.6% in fiscal year 2013.

Also, note that program revenues covered 51.8% in fiscal year 2014, and 61.3% in fiscal year 2013 of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues funded the remaining 48.2% in fiscal year 2014, and 38.7% in fiscal year 2013 of the governmental activities. As this documents, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety function comprises 42.7% of the City's total governmental activity expenses as compared to 39.5% for fiscal year 2013. The public works function comprises 26.1% of the total governmental activity expenses as compared to 31.9% for fiscal year 2013. Of the total \$3,406,632 of governmental activity expenses, depreciation is \$465,361 or 13.7% of that total.

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	Governmental Activities		2013	
	2014			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 610,981	\$ 514,187	\$ 503,761	\$ 400,351
Municipal court	9,324	9,324	9,280	9,280
Public safety	1,455,637	1,086,606	1,206,973	829,537
Public works	889,668	(402,928)	974,327	(419,556)
Health and welfare	22,285	22,285	10,556	10,556
Culture and recreation	186,436	186,436	152,992	152,992
Housing and development	226,658	222,126	193,819	193,819
Interest	5,643	5,643	4,244	4,244
Total	\$ 3,406,632	\$ 1,643,679	\$ 3,055,952	\$ 1,181,223

For fiscal year 2014 and 2013, all but the public works function required a subsidy from general revenues.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Expenses

The City's sole enterprise fund is the water and sewer system fund. The operating revenues for this fund increased by \$24,393, or 2.2%, from that of fiscal year 2013. Operating expenses decreased \$822 or .1%. Overall, the change in net position was an increase of \$237,372 as compared to an increase of \$444,927 in fiscal year 2013.

Financial Analysis of the City's Funds

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,104,800, as compared to \$3,107,515 at September 30, 2013. Of this year-end total, \$967,706 was unassigned indicating availability for continuing City service requirements. \$1,864,582 in fund balance is restricted for capital projects.

The total ending fund balances of governmental funds show a decrease in fiscal year 2014 of \$2,715 or 0.1% compared to an increase in fiscal year 2013 of \$680,644, or 28%.

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$70,624 or 5.4% as compared to a \$291,279 or 28.6% increase in fiscal year 2013.

At the fund reporting level, total taxes increased \$6,622 or 0.3% from that of fiscal year 2013. Total property taxes increased \$5,157 or 0.8% from fiscal year 2013. Motor vehicle taxes increased \$37,789 or 39%. Local option sales taxes decreased \$25,258 or 4%.

Intergovernmental revenue decreased \$471,379 or 63.4% as a result of receiving large capital grants for street improvements in 2013.

Most other revenue streams were consistent with those of fiscal year 2013. Total general fund revenues decreased \$468,203 or 13.7% from 2013.

In fiscal year 2014, general fund expenditures decreased \$158,678 or 4.9% from last year. General government expenditures increased \$44,581 or 9.1%. Public works expenditures decreased \$339,554 or 28.8% due to completion of the Streetscape project which was funded by capital grants in 2013. Public safety expenditures increased \$54,969 or 4.5%.

The General Fund's ending unassigned fund balance of \$967,706 is considered adequate, representing the equivalent of 31.3% of annual expenditures as compared to 35.4% at September 30, 2013.

Hotel/Motel Fund - The City recognized \$56,403 in hotel/motel taxes, which was expended during the year. This amount compares to a \$55,603 amount in fiscal year 2013. These resources are paid to the City's Welcome Center. There is no fund balance at September 30, 2014.

2005 SPLOST Fund - The amount expended in fiscal year 2014 on projects approved in this SPLOST referendum included the following:

- Water and Sewer system improvements and expansion (\$158,436)

2011 SPLOST Fund - The amount expended in fiscal year 2014 on projects approved in this SPLOST referendum included the following:

- Street and drainage improvements (\$95,880)
- Vehicles and equipment (\$188,421)
- Water and Sewer system improvements (\$34,759)

The City recognized \$501,117 for its share of the Candler County SPLOST. This amount compares to \$522,061 recognized in fiscal year 2013.

T-SPLOST Fund - The amount expended in fiscal year 2014 on road projects totaled \$375,764. The City recognized \$407,181 in revenue in this fund for fiscal year 2014.

The Proprietary Fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, the analysis is presented above.

Budgetary Highlights - General Fund

Overall, the City recognized revenues equal to 93.2% of budgeted revenues in the final appropriated budget. Overall, the City recognized expenditures equal to \$241,896 less than, or 7.3% under budgeted expenditures in the final appropriated budget.

On the revenue side of the budget, intergovernmental revenue came in \$254,427 lower than the amended budget. In total, General Fund revenues came in \$214,963 less than the budgeted amount.

On the expenditure side, the roadways and walkways budget was under spent by \$233,144.

Fund Balance increased by \$21,129 over the amount budgeted.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2014 was \$17,715,197 and \$5,748,349, respectively, for a total of \$23,463,546. This net investment increased by 203.8% for governmental activities and increased by 13.6% for business-type activities. The overall increase was 115.4% for the City as a whole. See Note 8 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets
 (Amounts in Thousands)

	Governmental Activities		Business Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$ 604,003	\$ 384,003	\$ 492,280	\$ 492,280	\$ 1,096,283	\$ 876,283
Construction in progress	27,937	7,022	453,317	40,979	481,254	48,001
Total non-depreciable assets	631,940	391,025	945,597	533,259	1,577,537	924,284
Depreciable assets:						
Buildings	13,357,495	2,031,523	94,767	94,767	13,452,262	2,126,290
Land improvements	566,010	566,010	-	-	566,010	566,010
Water and sewer system	-	-	8,902,180	8,423,393	8,902,180	8,423,393
Machinery and equipment	2,496,110	2,292,385	932,485	909,295	3,428,595	3,201,680
Infrastructure	10,668,094	10,132,240	-	-	10,668,094	10,132,240
Total depreciable assets	27,087,709	15,022,158	9,929,432	9,427,455	37,017,141	24,449,613
Less accumulated depreciation	10,004,452	9,582,386	5,126,680	4,900,693	15,131,132	14,483,079
Book value - depreciable assets	17,083,257	5,439,772	4,802,752	4,526,762	21,886,009	9,966,534
Percentage depreciated	37%	64%	52%	52%	41%	59%
Total book value	\$ 17,715,197	\$ 5,830,797	\$ 5,748,349	\$ 5,060,021	\$ 23,463,546	\$ 10,890,818

At September 30, 2014, the depreciable capital assets for governmental activities were 37% depreciated, compared to 64% at September 30, 2013.

With the City's business type activities, 52% of the asset values was depreciated at September 30, 2014 and 2013.

Long-term Debt

At the end of the fiscal year, the City had capital leases, USDA notes, and GEFA notes outstanding. During the fiscal year, the City decreased outstanding capital lease obligations by \$22,337 or 13.4%. The City's notes payable and USDA loans payable decreased by 13.8% and 23.8%, respectively. Total compensated absences payable increased 9% from the September 30, 2013 balance.

Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Capital leases	\$ 126,168	\$ 130,926	\$ 18,161	\$ 35,740	\$ 144,329	\$ 166,666
Notes payable	-	-	505,226	586,341	505,226	586,341
USDA loans	28,571	37,481	-	-	28,571	37,481
Compensated absences	69,729	61,507	14,780	16,030	84,509	77,537
Total	\$ 224,468	\$ 229,914	\$ 538,167	\$ 638,111	\$ 762,635	\$ 868,025

See Note 9 for additional information about the City's long-term debt.

Economic Conditions Affecting the City

The City is physically located in the eastern portion of the state of Georgia, approximately 175 miles southeast of the State capitol, Atlanta, Georgia, and approximately 63 miles northwest of Savannah, the first planned city in the state. Metter is the county seat in Candler County, and its population makes up approximately 40% of the County's population. The County's land area is 247 square miles with 15.7 persons per square mile. The city of Metter is 7.39 square miles.

As of December 2014 Candler County's unemployment rate averaged 8.1% (Georgia Department of Labor), compared to the state's average of 6.6% for the year (GDOL).

The City's population is 4,100 (U.S. Bureau of Census). Since the City relies primarily on property and sales taxes for its operating revenue, changes in the economy definitely affect these revenue streams. Since sales taxes are an "elastic revenue stream" in a sluggish economy, the sales tax revenues are reduced immediately. Property taxes are considered "inelastic" in the short-term; this revenue stream is more stable. Fortunately, for the City, because of its revenue stream makeup, it is able to survive financially in a slow economy.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Manager at City Hall at 49 South Rountree, Post Office Box 74, Metter, Georgia, 30439, or call (912) 685-2527.

CITY OF METTER, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,390,656	\$ 950,044	\$ 3,340,700	-
Certificates of deposit	218,746	63,573	282,319	-
Receivables:				
Taxes	97,449	-	97,449	-
Accounts	32,912	112,837	145,749	-
Intergovernmental	371,265	-	371,265	-
Other	7,170	-	7,170	-
Internal balances	469,233	(469,233)	-	-
Prepaid insurance	48,934	11,153	60,087	-
Total Current Assets	<u>3,636,365</u>	<u>668,374</u>	<u>4,304,739</u>	<u>-</u>
Capital Assets:				
Nondepreciable capital assets	631,940	945,597	1,577,537	-
Depreciable capital assets, net	17,083,257	4,802,752	21,886,009	-
Total Capital Assets	<u>17,715,197</u>	<u>5,748,349</u>	<u>23,463,546</u>	<u>-</u>
Total Assets	<u>21,351,562</u>	<u>6,416,723</u>	<u>27,768,285</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	421,227	33,003	454,230	-
Unearned revenue	47,309	-	47,309	-
Customer deposits	-	86,840	86,840	-
Notes payable	9,194	84,783	93,977	-
Capital leases payable	52,066	18,161	70,227	-
Other	28,939	-	28,939	-
Total Current Liabilities	<u>558,735</u>	<u>222,787</u>	<u>781,522</u>	<u>-</u>
Long-Term Liabilities:				
Compensated absences	69,729	14,780	84,509	-
Notes payable (net of current portion)	19,377	420,443	439,820	-
Capital leases payable (net of current portion)	74,102	-	74,102	-
Total Long-Term Liabilities	<u>163,208</u>	<u>435,223</u>	<u>598,431</u>	<u>-</u>
Total Liabilities	<u>721,943</u>	<u>658,010</u>	<u>1,379,953</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	17,560,458	5,224,962	22,785,420	-
Restricted for capital projects	1,864,582	-	1,864,582	-
Unrestricted	1,204,579	533,751	1,738,330	-
Total Net Position	<u>\$ 20,629,619</u>	<u>\$ 5,758,713</u>	<u>\$ 26,388,332</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
General government	\$ 610,981	\$ 83,643	\$ 13,151	-	\$ (514,187)	-	\$ (514,187)	-
Municipal court	9,324	-	-	-	(9,324)	-	(9,324)	-
Public safety	1,341,559	113,619	181,069	\$ 74,343	(972,528)	-	(972,528)	-
Public works	999,214	384,322	29,191	879,083	293,382	-	293,382	-
Health and welfare	22,285	-	-	-	(22,285)	-	(22,285)	-
Culture and recreation	186,436	-	-	-	(186,436)	-	(186,436)	-
Housing and development	231,190	-	-	4,532	(226,658)	-	(226,658)	-
Interest	5,643	-	-	-	(5,643)	-	(5,643)	-
Total Governmental Activities	3,406,632	581,584	223,411	957,958	(1,643,679)	-	(1,643,679)	-
Business-Type Activities:								
Water and sewer	1,087,991	1,131,118	-	-	-	\$ 43,127	43,127	-
Total Primary Government	\$ 4,494,623	1,712,702	\$ 223,411	\$ 957,958	(1,643,679)	43,127	(1,600,552)	-
Component Unit								
Downtown Development Authority of Metter	-	-	-	-	-	-	-	-
General Revenues								
Property taxes levied for:								
General purposes					759,934	-	759,934	-
Sales taxes					614,167	-	614,167	-
Insurance premium tax					222,211	-	222,211	-
Franchise taxes					296,172	-	296,172	-
Hotel/motel taxes					56,403	-	56,403	-
Other taxes					137,034	-	137,034	-
Gain on sale of capital assets					16,601	-	16,601	-
Interest earned					3,313	1,050	4,363	-
Donated capital assets					11,545,972	-	11,545,972	-
Miscellaneous					52,219	-	52,219	-
Total General Revenues					13,704,026	1,050	13,705,076	-
Transfers					(193,195)	193,195	-	-
Total General Revenues and Transfers					13,510,831	194,245	13,705,076	-
Change in Net Position					11,867,152	237,372	12,104,524	-
Net Position, Beginning of Year					8,762,467	5,521,341	14,283,808	-
Net Position, End of Year					\$ 20,629,619	\$ 5,758,713	\$ 26,388,332	-

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	2005 SPLOST	2011 SPLOST	T-SPLOST	Non-major fund - Hotel/Motel Tax	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 499,794	\$ 949,446	\$ 836,230	\$ 105,186	-	\$ 2,390,656
Certificates of deposit	218,746	-	-	-	-	218,746
Receivables:						
Taxes	92,255	-	-	-	\$ 5,194	97,449
Accounts	32,912	-	-	-	-	32,912
Intergovernmental	289,377	-	78,603	3,285	-	371,265
Other	7,170	-	-	-	-	7,170
Interfund	516,642	-	-	-	-	516,642
Prepaid insurance	48,934	-	-	-	-	48,934
TOTAL ASSETS	\$ 1,705,830	\$ 949,446	\$ 914,833	\$ 108,471	\$ 5,194	\$ 3,683,774
LIABILITIES						
Accounts payable	\$ 355,274	\$ 60,759	-	-	\$ 5,194	\$ 421,227
Unearned revenue	47,309	-	-	-	-	47,309
Due to other funds	-	-	-	\$ 47,409	-	47,409
Other	28,939	-	-	-	-	28,939
Total liabilities	431,522	60,759	-	47,409	5,194	544,884
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	34,090	-	-	-	-	34,090
FUND BALANCE						
Nonspendable	48,934	-	-	-	-	48,934
Assigned	223,578	-	-	-	-	223,578
Restricted for capital projects	-	888,687	\$ 914,833	61,062	-	1,864,582
Unassigned	967,706	-	-	-	-	967,706
Total fund balance	1,240,218	888,687	914,833	61,062	-	3,104,800
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,705,830	\$ 949,446	\$ 914,833	\$ 108,471	\$ 5,194	\$ 3,683,774

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

**Amounts reported for governmental activities in the statement
of net position are different because:**

Total Governmental Fund Balances		\$ 3,104,800
----------------------------------	--	--------------

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds:

	\$ 27,719,649	
Cost		
Less accumulated depreciation	(10,004,452)	17,715,197

Other long-term assets are not available to pay for current period
expenditures and, therefore, are reported as unavailable in the funds:

Property taxes		34,090
----------------	--	--------

Long-term liabilities, including notes payable, capital leases and compensated
absences are not due and payable in the current period and, therefore,
are not reported in the funds but are reported on the statement of net
position:

	\$ (126,168)	
Capital leases		
Notes payable	(28,571)	
Compensated absences	(69,729)	(224,468)

Net Position Of Governmental Activities		<u>\$ 20,629,619</u>
--	--	-----------------------------

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	2005 SPLOST	2011 SPLOST	T-SPLOST	Non-major fund - Hotel/Motel Tax	Total Governmental Funds
REVENUES						
Taxes	\$ 2,049,497	-	-	-	\$ 56,403	\$ 2,105,900
Licenses and permits	83,105	-	-	-	-	83,105
Charges for services	388,432	-	-	-	-	388,432
Intergovernmental	272,200	\$ -	\$ 501,117	\$ 407,181	-	1,180,498
Fines and forfeitures	110,047	-	-	-	-	110,047
Interest	3,313	495	376	-	-	4,184
Miscellaneous	52,219	-	-	-	-	52,219
Total revenues	<u>2,958,813</u>	<u>495</u>	<u>501,493</u>	<u>407,181</u>	<u>56,403</u>	<u>3,924,385</u>
EXPENDITURES						
Current:						
General government	536,565	-	-	-	-	536,565
Municipal court	9,324	-	-	-	-	9,324
Public safety	1,277,347	-	-	-	-	1,277,347
Public works	839,090	-	-	-	-	839,090
Health and welfare	19,774	-	-	-	-	19,774
Culture and recreation	162,532	-	-	-	-	162,532
Housing and development	170,095	-	-	-	56,403	226,498
Capital outlay:						
Public safety	-	-	74,343	-	-	74,343
Public works	-	-	205,426	375,764	-	581,190
Housing and development	-	-	4,532	-	-	4,532
Debt service						
Principal	68,263	-	-	-	-	68,263
Interest	5,643	-	-	-	-	5,643
Total expenditures	<u>3,088,633</u>	<u>-</u>	<u>284,301</u>	<u>375,764</u>	<u>56,403</u>	<u>3,805,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,820)</u>	<u>495</u>	<u>217,192</u>	<u>31,417</u>	<u>-</u>	<u>119,284</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	54,595	-	-	-	-	54,595
Sale of capital assets	4,601	-	12,000	-	-	16,601
Transfers out	-	(158,436)	(34,759)	-	-	(193,195)
Total other financing sources (uses)	<u>59,196</u>	<u>(158,436)</u>	<u>(22,759)</u>	<u>-</u>	<u>-</u>	<u>(99,240)</u>
NET CHANGE IN FUND BALANCE	(70,624)	(157,941)	194,433	31,417	-	(2,715)
FUND BALANCE, BEGINNING OF YEAR	<u>1,310,842</u>	<u>1,046,628</u>	<u>720,400</u>	<u>29,645</u>	<u>-</u>	<u>3,107,515</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,240,218</u>	<u>\$ 888,687</u>	<u>\$ 914,833</u>	<u>\$ 61,062</u>	<u>-</u>	<u>\$ 3,104,800</u>

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Net Change In Fund Balance - Governmental Funds \$ (2,715)

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

Governmental funds report capital outlays as expenditures and do not report donated capital assets. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays and donated capital assets differed from depreciation expense in the current period.

	\$ (465,361)	
Depreciation expense	11,545,972	
Donated capital assets	803,789	
Capital outlays	11,884,400	11,884,400

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes:		
Unavailable revenue at 9/30/14	34,090	
Unavailable revenue at 9/30/13	(54,069)	(19,979)

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.

Other financing sources for the inception of capital leases and proceeds from notes payable are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements. (54,595)

Repayment of capital lease and note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 68,263

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

	(69,729)	
Liability at 9/30/14	61,507	
Liability at 9/30/13	(8,222)	(8,222)

Change In Net Position of Governmental Activities \$ 11,867,152

CITY OF METTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 2,000,635	\$ 1,998,664	\$ 2,049,497	\$ 50,833
Licenses and permits	88,600	88,600	83,105	(5,495)
Charges for services	389,007	389,007	388,432	(575)
Intergovernmental	512,297	526,627	272,200	(254,427)
Fines and forfeitures	115,100	115,100	110,047	(5,053)
Interest	500	500	3,313	2,813
Miscellaneous	55,278	55,278	52,219	(3,059)
Total revenues	<u>3,161,417</u>	<u>3,173,776</u>	<u>2,958,813</u>	<u>(214,963)</u>
EXPENDITURES				
Current:				
General government:				
Governing body	58,265	58,265	57,138	1,127
Financial administration	488,707	488,707	469,476	19,231
General government buildings	-	9,952	9,951	1
Total general government	<u>546,972</u>	<u>556,924</u>	<u>536,565</u>	<u>20,359</u>
Municipal court	<u>11,450</u>	<u>11,450</u>	<u>9,324</u>	<u>2,126</u>
Public safety:				
Police	968,485	986,239	1,009,126	(22,887)
Fire	214,594	218,862	208,155	10,707
Animal control	63,304	63,304	60,066	3,238
Total public safety	<u>1,246,383</u>	<u>1,268,405</u>	<u>1,277,347</u>	<u>(8,942)</u>
Public works:				
Roadways and walkways	850,839	850,839	617,695	233,144
Sanitation	165,229	165,229	162,071	3,158
Maintenance and shop	59,374	59,374	59,324	50
Total public works	<u>1,075,442</u>	<u>1,075,442</u>	<u>839,090</u>	<u>236,352</u>
Health and welfare:				
Family connection	-	10,062	10,060	2
Community center	3,500	3,500	3,114	386
Public education	6,600	6,600	6,600	-
Total health and welfare	<u>10,100</u>	<u>20,162</u>	<u>19,774</u>	<u>388</u>
Culture and recreation:				
Recreation	89,070	104,037	119,532	(15,495)
Libraries	43,000	43,000	43,000	-
Total culture and recreation	<u>132,070</u>	<u>147,037</u>	<u>162,532</u>	<u>(15,495)</u>
Housing and development:				
Building inspections	2,134	2,134	1,858	276
Economic development	109,150	109,150	107,448	1,702
Tourism	10,796	10,796	7,681	3,115
Downtown development	19,801	30,650	30,800	(150)
Airport	22,309	22,309	22,308	1
Total housing and development	<u>\$ 164,190</u>	<u>\$ 175,039</u>	<u>\$ 170,095</u>	<u>\$ 4,944</u>

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Debt service:				
Principal	\$ 71,668	\$ 71,668	\$ 68,263	\$ 3,405
Interest	4,402	4,402	5,643	(1,241)
Total debt service	<u>76,070</u>	<u>76,070</u>	<u>73,906</u>	<u>2,164</u>
 Total expenditures	 <u>3,262,677</u>	 <u>3,330,529</u>	 <u>3,088,633</u>	 <u>241,896</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(101,260)</u>	 <u>(156,753)</u>	 <u>(129,820)</u>	 <u>26,933</u>
 OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	2,000	4,601	2,601
Proceeds from capital leases	63,000	63,000	54,595	(8,405)
Total other financing sources (uses)	<u>65,000</u>	<u>65,000</u>	<u>59,196</u>	<u>(5,804)</u>
 NET CHANGE IN FUND BALANCE	 <u>(36,260)</u>	 <u>(91,753)</u>	 <u>(70,624)</u>	 <u>\$ 21,129</u>
 FUND BALANCE, OCTOBER 1, 2013			 <u>1,310,842</u>	
 FUND BALANCE, SEPTEMBER 30, 2014			 <u>\$ 1,240,218</u>	

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER SYSTEM FUND
SEPTEMBER 30, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$ 950,044
Certificates of deposit	63,573
Accounts receivable	112,837
Prepaid insurance	11,153
Total Current Assets	1,137,607

Capital Assets

Land	492,280
Construction in progress	453,317
Water and sewer system	8,902,180
Buildings	94,767
Machinery and equipment	932,485
Less accumulated depreciation	(5,126,680)
Total Capital Assets	5,748,349

Total Assets

6,885,956

LIABILITIES

Current Liabilities

Accounts payable	33,003
Customer deposits	86,840
Notes payable	84,783
Capital leases payable	18,161
Interfund payable	469,233
Total Current Liabilities	692,020

Long-Term Liabilities

Compensated absences payable	14,780
Notes payable (net of current portion)	420,443
Capital leases payable (net of current portion)	-
Total Long-Term Liabilities	435,223

Total Liabilities

1,127,243

NET POSITION

Net investment in capital assets	5,224,962
Unrestricted	533,751
Total Net Position	\$ 5,758,713

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - WATER AND SEWER SYSTEM FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

OPERATING REVENUES	
Water and sewer sales	\$ 974,896
Penalties	26,782
Connection fees	38,677
Hay sales	11,500
Other	79,263
Total operating revenues	1,131,118
 OPERATING EXPENSES	
Salaries	320,864
Employee benefits	104,732
Professional and technical services	10,825
Purchased services	327,721
Materials and supplies	71,026
Depreciation	225,987
Total operating expenses	1,061,155
 OPERATING INCOME	 69,963
 NON-OPERATING REVENUE (EXPENSE)	
Interest income	1,050
Interest expense	(26,836)
Total non-operating revenue (expense)	(25,786)
 INCOME BEFORE TRANSFERS	 44,177
 TRANSFERS IN	 193,195
 CHANGE IN NET POSITION	 237,372
 NET POSITION, OCTOBER 1, 2013	 5,521,341
 NET POSITION, SEPTEMBER 30, 2014	 \$ 5,758,713

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER AND SEWER SYSTEM FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,139,365
Cash payments to employees for services	(426,846)
Cash payments for goods and services	(94,143)
Net cash provided by operating activities	618,376
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(914,315)
Transfers from SPLOST funds	193,195
Interest paid	(26,836)
Principal paid on long-term debt	(98,694)
Net cash used by capital and related financing activities	(846,650)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in certificates of deposit	(722)
Interest received	1,050
Net cash provided by investing activities	328
NET DECREASE IN CASH AND CASH EQUIVALENTS	(227,946)
CASH AND CASH EQUIVALENTS, OCTOBER 1, 2013	1,177,990
CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2014	\$ 950,044
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 69,963
Adjustments:	
Depreciation	225,987
(Increase) decrease in operating assets:	
Accounts receivable	4,779
Prepaid items	750
Increase (decrease) in operating liabilities:	
Accounts payable	28,476
Compensated absences payable	(1,250)
Interfund payable	286,203
Customer deposits	3,468
Net cash provided by operating activities	\$ 618,376

See accompanying notes to the basic financial statements.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

The City of Metter (the “City”) was incorporated in 1903. The City operates under a Council/Manager form of government and provides the following services: public safety, streets, sanitation, recreation, and general administrative services. In addition, the City operates a water and sewer system.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit column included on the government-wide financial statements identifies the financial data of the City’s discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

The City’s only component unit is the Downtown Development Authority of Metter (the Authority). The primary purpose of the Authority is to promote industry and trade in the downtown area. The City provides its primary funding. There are no separate financial statements prepared for the Authority and there were no financial transactions for the Authority for the year ended September 30, 2014.

Candler County Industrial Development Authority, Candler County Recreation Commission, Metter-Candler County Airport Authority, and Metter Housing Authority are related organizations in that the City appoints all or some of the members of the authorities/commission but does not have financial responsibility for them.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants, and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

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

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

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

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

Major individual governmental funds are reported in separate columns.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

2005 SPLOST and 2011 SPLOST Fund – These capital projects funds accounts for the special purpose local option sales tax received from Candler County to be used for various capital improvements.

T-SPLOST Fund – This fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the City

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City’s only enterprise fund is the water and sewer system fund which accounts for the water and sewer provided to the City’s constituents. The water and sewer system fund is reported as a major fund in the financial statements.

1-C. Measurement Focus

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

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

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1-D. Basis of Accounting

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

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

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

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

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

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-E. Assets, Liabilities and Net Position

Cash, Cash Equivalents, and Investments

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

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

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

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

Receivables

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

Interfund Balances

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

Consumable Inventories

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

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable, as this amount is not available for general appropriation.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of street, bridges, and water and sewer lines. Infrastructure acquired after 1971 has been capitalized by the City. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during construction of capital assets utilized by the enterprise fund is capitalized.

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

Description	Governmental Activities	Business-Type Activities
	Estimated Lives	Estimated Lives
Buildings and improvements	15-50 years	30 years
Land improvements	15-20 years	-
Machinery and equipment	5-15 years	5-10 years
Infrastructure	15-40 years	-
Water and sewer system	-	5-40 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The amounts capitalized are being amortized by the straight-line method over the estimated life of the asset. Amortization of these assets is included in depreciation expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due".

Accrued Liabilities and Long-term Obligations

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

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

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

Deferred Outflows/Inflows 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources as of September 30, 2014.

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 City 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

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

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

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has by resolution authorized the City Manager to assign fund balance.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for water and sewer services. Operating expenses are necessary costs incurred to provide the water and sewer services and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital

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

Interfund Activity

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

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

Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

All budgets are adopted on a basis consistent with GAAP.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The City Manager may approve budget transfers within departments. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council. During the year, the City Council approved budget revisions.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures over Appropriations

For the year ended September 30, 2014, expenditures exceeded appropriations for the following departments within the general fund:

Police	\$ 22,887
Recreation	15,495
Downtown development	150
Debt service - interest	1,241

These over expenditures were funded primarily by under expenditures in other departments.

NOTE 3 – CASH DEPOSITS WITH BANKS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At September 30, 2014, the carrying amount of the City’s deposits (checking and certificates of deposit) was \$3,623,019 and the bank balance was \$3,743,733. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$2,993,733 was collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

NOTE 4 – RECEIVABLES

Receivables at September 30, 2014, consisted primarily of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. The allowances for uncollectibles netted against receivables at September 30, 2014 consisted of \$31,017 and \$29,559 for the general fund and water and sewer system fund, respectively.

NOTE 5 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20th of each year and are payable within sixty days. The County bills and collects property taxes for the City. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended September 30, 2014, property taxes were levied on October 7, 2013, and were due on January 20, 2014.

CITY OF METTER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	T-SPLOST Fund	\$ 47,409
	Water and Sewer System Fund	469,233
		<u>\$ 516,642</u>

Interfund balances at September 30, 2014 represent reimbursable expenditures and revenue reclassified to the General Fund. The City expects to repay all interfund balances within one year.

Interfund transfers for the year ended September 30, 2014 consisted of \$158,436 and \$34,759 in transfers to the water and sewer system fund from the 2005 SPLOST fund and 2011 SPLOST fund, respectively, for contractor fees and engineering fees.

NOTE 7 – FUND BALANCES – GOVERNMENTAL FUNDS

As of September 30, 2014, fund balances are composed of the following:

	<u>General Fund</u>	<u>2005 SPLOST Fund</u>	<u>2011 SPLOST Fund</u>	<u>T-SPLOST Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepaid insurance	\$ 48,934	-	-	-	\$ 48,934
Restricted:					
Capital projects	-	\$ 888,687	\$ 914,833	\$ 61,062	1,864,582
Assigned:					
Animal shelter	29,208	-	-	-	29,208
Fire department	11,315	-	-	-	11,315
Police department	14,126	-	-	-	14,126
Sanitation department	22,284	-	-	-	22,284
Subsequent year's budget	146,645	-	-	-	146,645
Total assigned	223,578	-	-	-	223,578
Unassigned	967,706	-	-	-	967,706
Total fund balances	<u>\$ 1,240,218</u>	<u>\$ 888,687</u>	<u>\$ 914,833</u>	<u>\$ 61,062</u>	<u>\$ 3,104,800</u>

CITY OF METTER, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8– CAPITAL ASSETS

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

	Balance 10/1/2013	Additions	Deductions	Balance 9/30/2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 384,003	\$ 220,000	-	\$ 604,003
Construction in progress	7,022	20,915	\$ -	27,937
Total capital assets not being depreciated	<u>391,025</u>	<u>240,915</u>	<u>-</u>	<u>631,940</u>
Other capital assets being depreciated:				
Buildings and improvements	2,031,523	11,325,972	-	13,357,495
Land improvements	566,010	-	-	566,010
Machinery and equipment	2,292,385	247,020	43,295	2,496,110
Infrastructure	10,132,240	535,854	-	10,668,094
Total capital assets being depreciated	<u>15,022,158</u>	<u>12,108,846</u>	<u>43,295</u>	<u>27,087,709</u>
Total capital assets	<u>15,413,183</u>	<u>12,349,761</u>	<u>43,295</u>	<u>27,719,649</u>
Accumulated depreciation:				
Buildings and improvements	797,468	101,252	-	898,720
Land improvements	544,865	11,124	-	555,989
Machinery and equipment	1,742,567	164,056	43,295	1,863,328
Infrastructure	6,497,486	188,929	-	6,686,415
Total accumulated depreciation	<u>9,582,386</u>	<u>465,361</u>	<u>43,295</u>	<u>10,004,452</u>
Governmental activities capital assets, net	<u>\$ 5,830,797</u>	<u>\$ 11,884,400</u>	<u>\$ -</u>	<u>\$ 17,715,197</u>

Governmental activities depreciation expense:

General government	\$ 72,602
Public safety	121,183
Public works	245,530
Health and welfare	2,142
Culture and recreation	<u>23,904</u>
Total governmental activities depreciation expense	<u>\$ 465,361</u>

During the year ended September 30, 2014, the Candler County Board of Education contributed its former elementary and middle school campuses to the City. The school campuses include land and buildings and have been recorded as donated capital assets based on the values assigned by the Candler County Tax Assessor. The contributed property has been recognized as \$6,974,405 and \$4,571,567 for the elementary school and middle school, respectively. The City intends to use the buildings to house one of its departments and provide office space to both civic and governmental groups.

CITY OF METTER, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8- CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise fund:

	Balance 10/01/13	Additions	Deductions	Balance 09/30/14
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 492,280	-	-	\$ 492,280
Construction in progress	40,979	\$ 431,063	\$ 18,725	453,317
Total capital assets not being depreciated	<u>533,259</u>	<u>431,063</u>	<u>18,725</u>	<u>945,597</u>
Other capital assets being depreciated:				
Water and sewer system	8,423,393	478,787	-	8,902,180
Buildings	94,767	-	-	94,767
Machinery and equipment	909,295	23,190	-	932,485
Total capital assets being depreciated	<u>9,427,455</u>	<u>501,977</u>	<u>-</u>	<u>9,929,432</u>
Total capital assets	<u>9,960,714</u>	<u>933,040</u>	<u>18,725</u>	<u>10,875,029</u>
Accumulated depreciation:				
Water and sewer system	4,015,741	195,368	-	4,211,109
Buildings	71,177	2,099	-	73,276
Machinery and equipment	813,775	28,520	-	842,295
Total accumulated depreciation	<u>4,900,693</u>	<u>225,987</u>	<u>-</u>	<u>5,126,680</u>
Business-type activities capital assets, net	<u>\$ 5,060,021</u>	<u>\$ 707,053</u>	<u>\$ 18,725</u>	<u>\$ 5,748,349</u>

CITY OF METTER, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – LONG-TERM DEBT

Notes Payable – The City has entered into a number of notes with the Georgia Environmental Finance Authority (GEFA) and the United States Department of Agriculture (USDA) Rural Development with balances at September 30, 2014, as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
GEFA (97-L26WJ), payable in quarterly installments of \$19,472 including interest at 4.75% through June 1, 2021	-	\$ 447,509
GEFA (2004-L22WQ), payable in monthly installments of \$2,406 including interest at 3.82% through October 1, 2016	-	57,717
USDA Rural Development, payable in annual installments of \$10,175 including interest at 3.375% through June 14, 2017 (purchase of police vehicles)	\$ 28,571	-
	<u>\$ 28,571</u>	<u>\$ 505,226</u>

Annual debt service requirements to amortize all notes payable outstanding at September 30, 2014 are as follows:

Year	Governmental Activities			Business - Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 9,194	\$ 981	\$ 10,175	\$ 84,783	\$ 21,972	\$ 106,755
2016	9,509	666	10,175	88,624	18,131	106,755
2017	9,868	307	10,175	63,354	14,532	77,886
2018	-	-	-	66,418	11,468	77,886
2019	-	-	-	69,630	8,257	77,887
2020-2021	-	-	-	132,417	3,877	136,294
Total	<u>\$ 28,571</u>	<u>\$ 1,954</u>	<u>\$ 30,525</u>	<u>\$ 505,226</u>	<u>\$ 78,237</u>	<u>\$ 583,463</u>

CITY OF METTER, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – LONG-TERM DEBT (Continued)

Capital Leases – Georgia Municipal Association (GMA) – The City has entered into lease agreements with GMA to purchase a dump truck costing \$68,776, four other vehicles costing \$127,300, server upgrades costing \$16,428, and vehicle accessories costing \$21,867 for governmental activities. Annual depreciation expense on these capital assets was \$42,146, and accumulated depreciation was \$81,472 at September 30, 2014. The City has entered into agreements with GMA to purchase a sewer jetter costing \$46,633 and one vehicle costing \$24,689 for business-type activities. Annual depreciation expense on these capital assets was \$9,601, and accumulated depreciation was \$22,860 at September 30, 2014.

The capital leases require annual payments including interest as follows:

Year	Governmental Activities			Business - Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	52,066	4,139	56,205	18,161	616	18,777
2016	47,742	2,445	50,187	-	-	-
2017	19,565	880	20,445	-	-	-
2018	6,795	212	7,007	-	-	-
Total	<u>\$ 126,168</u>	<u>\$ 7,676</u>	<u>\$ 133,844</u>	<u>\$ 18,161</u>	<u>\$ 616</u>	<u>\$ 18,777</u>

NOTE 10 – CHANGES IN LONG-TERM DEBT

	Outstanding 10/01/13	Additions	Reductions	Outstanding 09/30/14	Amounts Due in One Year
Governmental Activities					
Capital leases	\$ 130,926	\$ 54,595	\$ 59,353	\$ 126,168	\$ 52,066
USDA loan	37,481	-	8,910	28,571	9,194
Compensated absences	61,507	8,222	-	69,729	-
Total Governmental Activities	<u>\$ 229,914</u>	<u>\$ 62,817</u>	<u>\$ 68,263</u>	<u>\$ 224,468</u>	<u>\$ 61,260</u>
Business-Type Activities					
Notes payable	\$ 586,341	-	81,115	\$ 505,226	\$ 84,783
Capital leases	35,740	-	17,579	18,161	18,161
Compensated absences	16,030	-	1,250	14,780	-
Total Business-Type Activities	<u>\$ 638,111</u>	<u>\$ -</u>	<u>\$ 99,944</u>	<u>\$ 538,167</u>	<u>\$ 102,944</u>

The capital lease obligations for governmental funds will be paid from the General Fund and for business-type activities from the Water and Sewer System Fund. The USDA loan will be paid from the General Fund. The compensated absences liability for governmental funds will be paid from the General Fund and for business-type activities from the Water and Sewer System Fund. Principal and interest payments related to notes payable for the City's Water and Sewer System are financed from income derived from the operation of the Water and Sewer System.

NOTE 11 – EMPLOYEE RETIREMENT PLAN

The City of Metter Retirement Plan is a defined contribution plan which was adopted by resolution of the City Council and was effective January 1, 1994 to provide retirement benefit to plan members. The plan is administered by the City of Metter. The 2013 calendar year covered payroll was \$1,303,179 and the total 2013 calendar year payroll was \$1,352,985. The plan is open to all full-time employees with more than one year of service.

CITY OF METTER, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – EMPLOYEE RETIREMENT PLAN (Continued)

Employees are 100% vested in the City contribution after five years of service. The contribution for the year ended September 30, 2014 to the City funded plan was \$99,630 which is 7.6% of the 2013 calendar year covered payroll. Employees do not contribute to this plan and the City does not have a required contribution. Contributions are established by the City Council on an annual basis.

NOTE 12 – CONTINGENT LIABILITIES

As of September 30, 2014, there was no pending litigation that would have a material effect on the financial statements.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The City carries commercial insurance to cover these risks. The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for establishing the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at September 30, 2014. No provisions have been made in the financial statements for the year ended September 30, 2014 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

NOTE 14 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During the year ended September 30, 2014, the City paid \$4,130 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes representatives from each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

CITY OF METTER, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – HOTEL/MOTEL LODGING TAX

The City levies a 5% lodging tax. A summary of the transactions for the year ended September 30, 2014 follows:

Lodging tax receipts	\$	56,403
Expenditures		<u>(56,403)</u>
	\$	<u><u>-</u></u>

All expenditures were for promotion of tourism as required by OCGA 48-13-51.

NOTE 16 – SUBSEQUENT EVENTS

In March 2014, the City signed a \$1,000,000 promissory note payable to Georgia Environmental Finance Authority, primarily to fund the State Road 121 sewer line expansion and Westside sewer line rehabilitation projects. The first loan draw was made in October 2014. The loan will be repaid in 240 monthly installments at the annual rate of 2.40 percent beginning the earlier of the project completion date, full note disbursement date or January 1, 2016. The City will pay accrued interest at the beginning of each month until the loan becomes payable. Note principal and interest payments will be paid by the Water and Sewer System fund.

Management has evaluated subsequent events through February 25, 2015, the date that the financial statements were available for issue.

CITY OF METTER, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS

	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
ASSETS		
Cash	\$ 499,794	\$ 647,288
Certificates of deposit	218,746	215,895
Receivables:		
Taxes	92,255	126,878
Accounts	32,912	27,369
Intergovernmental	289,377	282,644
Other	7,170	11,449
Due from other funds	516,642	183,130
Prepaid insurance	48,934	36,850
TOTAL ASSETS	\$ 1,705,830	\$ 1,531,503
LIABILITIES		
Accounts payable	\$ 355,274	\$ 104,451
Unearned revenue	47,309	48,789
Other	28,939	13,352
Total liabilities	431,522	166,592
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	34,090	54,069
FUND BALANCE		
Nonspendable	48,934	36,850
Assigned	223,578	124,051
Unassigned	967,706	1,149,941
Total fund balance	1,240,218	1,310,842
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,705,830	\$ 1,531,503

CITY OF METTER, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	YEAR ENDED	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
REVENUES		
Taxes:		
Property	\$ 645,151	\$ 639,994
Motor vehicle	134,762	96,973
Sales	614,167	639,425
Franchise	296,172	301,696
Insurance premium	222,211	213,042
Alcoholic beverage	98,884	111,433
Other	38,150	40,312
Licenses and permits	83,105	88,919
Charges for services	388,432	367,808
Intergovernmental	272,200	743,579
Fines and forfeitures	110,047	111,916
Interest	3,313	3,751
Miscellaneous	52,219	68,168
Total revenues	<u>2,958,813</u>	<u>3,427,016</u>
EXPENDITURES		
Current:		
General government	536,565	491,984
Municipal court	9,324	9,280
Public safety	1,277,347	1,222,378
Public works	839,090	1,178,644
Health and welfare	19,774	8,788
Culture and recreation	162,532	129,088
Housing and development	170,095	136,438
Debt service	73,906	70,711
Total expenditures	<u>3,088,633</u>	<u>3,247,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,820)</u>	<u>179,705</u>
OTHER FINANCING SOURCES		
Sale of capital assets	4,601	575
Proceeds from capital leases	54,595	110,999
Total other financing sources	<u>59,196</u>	<u>111,574</u>
NET CHANGE IN FUND BALANCE	(70,624)	291,279
FUND BALANCE, BEGINNING OF YEAR	<u>1,310,842</u>	<u>1,019,563</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,240,218</u>	<u>\$ 1,310,842</u>

CITY OF METTER, GEORGIA
2005 SPLOST CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

A S S E T S

	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
ASSETS		
Cash	\$ 949,446	\$ 1,046,628

L I A B I L I T I E S A N D
F U N D B A L A N C E

LIABILITIES		
Accounts payable	\$ 60,759	-
FUND BALANCE - Restricted	888,687	1,046,628
TOTAL LIABILITIES AND FUND BALANCE	\$ 949,446	\$ 1,046,628

CITY OF METTER, GEORGIA
2005 SPLOST CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	YEAR ENDED	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
REVENUES		
Intergovernmental	\$ -	\$ 10,000
Interest	495	551
Total revenues	<u>495</u>	<u>10,551</u>
EXPENDITURES		
Capital outlay:		
Public works	-	66,522
Total expenditures	<u>-</u>	<u>66,522</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	495	(55,971)
OTHER FINANCING USES		
Transfers out	<u>(158,436)</u>	<u>(45,672)</u>
NET CHANGE IN FUND BALANCE	(157,941)	(101,643)
FUND BALANCE, BEGINNING OF YEAR	<u>1,046,628</u>	<u>1,148,271</u>
FUND BALANCE, END OF YEAR	<u>\$ 888,687</u>	<u>\$ 1,046,628</u>

CITY OF METTER, GEORGIA
2011 SPLOST CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

ASSETS

	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
ASSETS		
Cash	\$ 836,230	\$ 634,330
Intergovernmental receivable	78,603	86,070
TOTAL ASSETS	\$ 914,833	\$ 720,400

LIABILITIES AND
FUND BALANCE

LIABILITIES		
Accounts payable	-	-
FUND BALANCE - Restricted	\$ 914,833	\$ 720,400
TOTAL LIABILITIES AND FUND BALANCE	\$ 914,833	\$ 720,400

CITY OF METTER, GEORGIA
2011 SPLOST CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	YEAR ENDED	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
REVENUES		
Intergovernmental	\$ 501,117	\$ 522,061
Interest	376	208
Total revenues	<u>501,493</u>	<u>522,269</u>
EXPENDITURES		
Capital outlay:		
Public safety	74,343	35,268
Public works	205,426	12,422
Health and welfare	-	5,616
Housing and development	4,532	-
Total expenditures	<u>284,301</u>	<u>53,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>217,192</u>	<u>468,963</u>
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	12,000	-
Transfers out	(34,759)	(7,600)
Total other financing sources (uses)	<u>(22,759)</u>	<u>(7,600)</u>
NET CHANGE IN FUND BALANCE	194,433	461,363
FUND BALANCE, BEGINNING OF YEAR	<u>720,400</u>	<u>259,037</u>
FUND BALANCE, END OF YEAR	<u>\$ 914,833</u>	<u>\$ 720,400</u>

CITY OF METTER, GEORGIA
T-SPLOST CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

ASSETS

	<u>SEPTEMBER 30,</u> 2014	<u>SEPTEMBER 30,</u> 2013
ASSETS		
Cash	\$ 105,186	\$ 26,492
Intergovernmental receivable	3,285	3,253
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 108,471</u>	<u>\$ 29,745</u>

LIABILITIES AND
FUND BALANCE

LIABILITIES		
Due to other funds	\$ 47,409	\$ 100
FUND BALANCE - Restricted	<hr/> 61,062	<hr/> 29,645
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 108,471</u>	<u>\$ 29,745</u>

CITY OF METTER, GEORGIA
T-SPLOST CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	YEAR ENDED	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
REVENUES		
Intergovernmental	\$ 407,181	\$ 29,687
EXPENDITURES		
Capital outlay:		
Public works	375,764	42
EXCESS OF REVENUES OVER EXPENDITURES	31,417	29,645
FUND BALANCE, BEGINNING OF YEAR	29,645	-
FUND BALANCE, END OF YEAR	\$ 61,062	\$ 29,645

CITY OF METTER, GEORGIA
HOTEL/MOTEL TAX FUND
COMPARATIVE BALANCE SHEETS

A S S E T S

	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
ASSETS		
Taxes receivable	\$ 5,194	\$ 4,531
TOTAL ASSETS	\$ 5,194	\$ 4,531

L I A B I L I T I E S A N D
F U N D B A L A N C E

LIABILITIES		
Accounts payable	\$ 5,194	\$ 4,531
FUND BALANCE - Restricted	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,194	\$ 4,531

CITY OF METTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HOTEL/MOTEL TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)	2013 Actual
REVENUES				
Hotel/Motel tax	\$ 60,520	\$ 56,403	\$ (4,117)	\$ 55,603
EXPENDITURES				
Current:				
Housing and development - Tourism	60,520	56,403	4,117	55,603
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE, OCTOBER 1, 2013		<u>-</u>		
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ -</u>		

CITY OF METTER, GEORGIA
WATER AND SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF NET POSITION

	September 30, 2014	September 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 950,044	\$ 1,177,990
Certificates of deposit	63,573	62,851
Accounts receivable	112,837	117,616
Prepaid insurance	11,153	11,903
Total Current Assets	<u>1,137,607</u>	<u>1,370,360</u>
Capital Assets		
Land	492,280	492,280
Construction in progress	453,317	40,979
Water and sewer system	8,902,180	8,423,393
Buildings	94,767	94,767
Machinery and equipment	932,485	909,295
Less accumulated depreciation	<u>(5,126,680)</u>	<u>(4,900,693)</u>
Total Capital Assets	<u>5,748,349</u>	<u>5,060,021</u>
Total Assets	<u>6,885,956</u>	<u>6,430,381</u>
LIABILITIES		
Current Liabilities		
Accounts payable	33,003	4,527
Customer deposits	86,840	83,372
Notes payable	84,783	81,108
Capital leases payable	18,161	17,577
Interfund payable	469,233	183,030
Total Current Liabilities	<u>692,020</u>	<u>369,614</u>
Long-Term Liabilities		
Compensated absences payable	14,780	16,030
Notes payable (net of current portion)	420,443	505,233
Capital leases payable (net of current portion)	-	18,163
Total Long-Term Liabilities	<u>435,223</u>	<u>539,426</u>
Total Liabilities	<u>1,127,243</u>	<u>909,040</u>
NET POSITION		
Net investment in capital assets	5,224,962	4,437,940
Unrestricted	533,751	1,083,401
Total Net Position	<u>\$ 5,758,713</u>	<u>\$ 5,521,341</u>

CITY OF METTER, GEORGIA
WATER AND SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION

	YEAR ENDED	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
OPERATING REVENUES		
Water and sewer sales	\$ 974,896	\$ 966,773
Penalties	26,782	24,873
Connection fees	38,677	45,387
Hay sales	11,500	-
Other	79,263	69,692
Total operating revenues	<u>1,131,118</u>	<u>1,106,725</u>
OPERATING EXPENSES		
Salaries	320,864	346,010
Employee benefits	104,732	103,905
Professional and technical services	10,825	9,097
Purchased services	327,721	315,240
Materials and supplies	71,026	73,866
Depreciation	225,987	212,215
Total operating expenses	<u>1,061,155</u>	<u>1,060,333</u>
OPERATING INCOME	<u>69,963</u>	<u>46,392</u>
NON-OPERATING REVENUE (EXPENSE)		
Intergovernmental	-	374,318
Interest income	1,050	1,841
Interest expense	(26,836)	(30,896)
Total non-operating revenue (expense)	<u>(25,786)</u>	<u>345,263</u>
INCOME BEFORE TRANSFERS	44,177	391,655
TRANSFERS IN	<u>193,195</u>	<u>53,272</u>
CHANGE IN NET POSITION	237,372	444,927
NET POSITION, BEGINNING OF YEAR	<u>5,521,341</u>	<u>5,076,414</u>
NET POSITION, END OF YEAR	<u>\$ 5,758,713</u>	<u>\$ 5,521,341</u>

CITY OF METTER, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

2005 SPLOST

	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Water system improvements	\$ 950,000	\$ 950,000	\$ 181,627	\$ -	\$ 181,627	19%
Sewer system improvements	875,000	875,000	627,300	158,436	785,736	90%
Street and drainage improvements	630,000	630,000	543,404	-	543,404	86%
Public building projects	800,000	800,000	353,741	-	353,741	44%
Acquisition of new equipment	375,000	375,000	325,000	-	325,000	87%
Totals	\$ 3,630,000	\$ 3,630,000	\$ 2,031,072	\$ 158,436	\$ 2,189,508	60%

2011 SPLOST

	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Water and sewer system improvements	\$ 1,360,000	\$ 1,360,000	7,600	\$ 34,759	\$ 42,359	3%
Street improvements	600,000	600,000	\$ 13,967	68,730	82,697	14%
Drainage improvements	200,000	200,000	-	27,150	27,150	14%
Construction/improvements of public facilities	300,000	300,000	5,616	-	5,616	2%
Acquisition of vehicles and equipment	540,000	540,000	54,623	188,421	243,044	45%
Esthetic enhancements (City entrance signs)	100,000	100,000	-	-	-	0%
Totals	\$ 3,100,000	\$ 3,100,000	81,806	\$ 319,060	\$ 400,866	13%

THIGPEN, LANIER, WESTERFIELD & DEAL

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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*

Honorable Mayor and Council
City of Metter, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Metter, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Metter, Georgia's basic financial statements, and have issued our report thereon dated February 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Metter, 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 City of Metter's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Metter, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain

deficiencies in internal control, described below as 2014-1 and 2014-2 that we consider to be significant deficiencies.

2014-1 Collection and disbursement of fines revenue

During the year ended September 30, 2014, the City implemented a new software for tracking citations and citation receipts. Beginning in March 2014, one individual entered citations and citation receipts into the software. Although the deposits were made by City Hall and supported with reports, additional controls are necessary to achieve an adequate segregation of duties. The City should consider implementing additional procedures, such as a review of daily citation receipts and reports by a knowledgeable individual.

The City has not established procedures to identify and correct in a timely manner any discrepancies between citation receipts and disbursement of said funds. When the City switched to a different software, it did not completely disburse all receipts processed in the old software. Also, all receipts entered into the new software were not disbursed. This was due to certain receipts not posting within the software. The City should verify all receipts have been posted, appropriate reports are utilized for disbursements, and all receipts have been disbursed.

City's response: We concur with this finding. We plan to automate the citation entry process and implement review procedures to be performed by an individual not involved with citation data entry.

2014-2 General access controls

Access to the City's accounting software should be limited to only those modules considered necessary for employees to perform their job duties. Also, employees should be prohibited from sharing their user names and passwords, allowing better control over accounting data and tracking of data entry by user.

City's response: We concur with this finding. We have contacted our accounting software company and modified user access so that it is appropriate based on job duties. We will discontinue the sharing of user names and passwords so that each user's activity is tracked under his or her assigned user name.

Compliance and Other Matters

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

City of Metter, Georgia's Response to Findings

City of Metter, Georgia's response to the findings identified in our audit is described above. City of Metter, Georgia's response was not subjected to the auditing procedures applied in the 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 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.

Thigpen, Lauer, Westerfill + Dal

Statesboro, Georgia

February 25, 2015