

CITY OF REMERTON, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2014

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FOR THE YEAR ENDED MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Remerton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Remerton, Georgia ("the City") as of and for the year ended March 31, 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. 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, each major fund, and the aggregate remaining fund information of the City, as of March 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. Management has elected not to include the Management's Discussion and Analysis. We have applied certain limited procedures to the budgetary comparison 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

The combining and individual fund schedules and the One Percent Special Purpose Sales Tax Project Cost Schedules 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 combining and individual fund schedules and the One Percent Special Purpose Sales Tax Project Cost Schedules 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 September 8, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

September 8, 2014

CITY OF REMERTON
GOVERNMENT-WIDE STATEMENT OF NET POSITION
MARCH 31, 2014

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 266,511	\$ 145,727	\$ 412,238
Certificates of deposit	59,826	-	59,826
Accounts receivable	297,243	31,803	329,046
Restricted:			
Cash	677,688	13,622	691,310
Certificate of deposit	-	29,396	29,396
Prepaid expenses	14,086	5,974	20,060
Internal balances	26,602	(26,602)	-
Capital assets:			
Land	222,554	38,109	260,663
Construction in progress	215,008	-	215,008
Other capital assets, net of accumulated depreciation	538,861	1,630,919	2,169,780
Total assets	<u>2,318,379</u>	<u>1,868,948</u>	<u>4,187,327</u>
LIABILITIES			
Accounts payable	244,696	22,231	266,927
Long-term liabilities:			
Water deposits	-	43,018	43,018
Due within one year	-	33,948	33,948
Due in more than one year	-	333,496	333,496
Total liabilities	<u>244,696</u>	<u>432,693</u>	<u>677,389</u>
NET POSITION			
Net investments in capital assets	976,423	1,301,584	2,278,007
Restricted for public safety	85,727	-	85,727
Restricted for capital expenditures	587,823	-	587,823
Unrestricted	423,710	134,671	558,381
Total net position	<u>\$ 2,073,683</u>	<u>\$ 1,436,255</u>	<u>\$ 3,509,938</u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

				Net (Expense) Revenue and Changes in Net Assets		
				Primary Government		
		Program Revenues				
Function/Programs:	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
PRIMARY GOVERNMENT:						
Governmental activities						
General government	\$ 179,032	\$ 23,801	\$ -	\$ (155,231)		\$ (155,231)
Mayor and council	47,371	-	-	(47,371)		(47,371)
Judicial/probation	98,520	147,953	-	49,433		49,433
Public safety	788,955	495,433	3,190	(290,332)		(290,332)
Public works	84,880	-	302,317	217,437		217,437
Culture and recreation	496	-	16,194	15,698		15,698
Health and welfare	-	-	193,723	193,723		193,723
Interest on general long-term debt	829	-	-	(829)		(829)
Total governmental activities	1,200,083	667,187	515,424	(17,472)		(17,472)
Business-type activities:						
Water/Sewer Enterprise Fund	371,961	313,474	-	-	\$ (58,487)	(58,487)
Sanitation Fund	101,264	110,919	-	-	9,655	9,655
Total business-type activities	473,225	424,393	-	-	(48,832)	(48,832)
Total primary government	1,673,308	1,091,580	515,424	(17,472)	(48,832)	(66,304)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				218,238	-	218,238
Sales and use taxes				178,115	-	178,115
Business taxes				85,720	-	85,720
Penalties and interest				2,984	-	2,984
Investment earnings				198	345	543
Miscellaneous				15,506	-	15,506
Capital contributions				(326,685)	326,685	-
Total general revenues and transfers/capital contributions				174,076	327,030	501,106
Change in net assets				156,604	278,198	434,802
Net position - beginning				1,917,079	1,158,057	3,075,136
Net position - ending				\$ 2,073,683	\$ 1,436,255	\$ 3,509,938

See accompanying notes to the basic financial statements.

CITY OF REMERTON
BALANCE SHEET – GOVERNMENTAL FUNDS
MARCH 31, 2014

	General	Capital Projects Funds		Nonmajor	Total
	Fund	SPLOST VI	CDBG	Governmental	Governmental
		Fund	Grant Fund	Funds	Funds
ASSETS					
Cash:					
Unrestricted	\$ 266,511	\$ -	\$ -	\$ -	\$ 266,511
Restricted	-	574,963	50,319	52,406	677,688
Certificate of deposit	59,826	-	-	-	59,826
Receivables:					
Taxes (net)	37,185	-	-	-	37,185
Intergovernmental	46,385	-	96,958	40,809	184,152
Fines and forfeitures (net)	74,116	-	-	-	74,116
Other	1,790	-	-	-	1,790
Prepaid insurance	14,086	-	-	-	14,086
Interfund balances	19,335	12,960	-	10,000	42,295
Total assets	<u>\$ 519,234</u>	<u>\$ 587,923</u>	<u>\$ 147,277</u>	<u>\$ 103,215</u>	<u>\$ 1,357,649</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 75,161	\$ -	\$ 147,177	\$ 14,955	\$ 237,293
Wages payable	7,403	-	-	-	7,403
Interfund balances	12,960	100	100	2,533	15,693
Total liabilities	<u>95,524</u>	<u>100</u>	<u>147,277</u>	<u>17,488</u>	<u>260,389</u>
Deferred inflows of resources:					
Deferred property taxes	23,763	-	-	-	23,763
Total deferred inflows of resources	<u>23,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,763</u>
Fund balances					
Nonspendable	14,086	-	-	-	14,086
Restricted	-	587,823	-	85,727	673,550
Unassigned	385,861	-	-	-	385,861
Total fund balances	<u>399,947</u>	<u>587,823</u>	<u>-</u>	<u>85,727</u>	<u>1,073,497</u>
Total liabilities and fund balances	<u>\$ 519,234</u>	<u>\$ 587,923</u>	<u>\$ 147,277</u>	<u>\$ 103,215</u>	<u>\$ 1,357,649</u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
RECONCILIATION TO THE BALANCE SHEET – GOVERNMENTAL FUNDS
MARCH 31, 2014

Amounts reported for governmental activities in the statement of net position are different because:	\$ 1,073,497
Property taxes collected sixty days or later subsequent to year end are not considered "available" for governmental activities and are deferred.	23,763
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>976,423</u>
Net position of governmental activities	<u><u>\$ 2,073,683</u></u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

	General Fund	Capital Projects Funds SPLOST VI Fund	CDBG Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 219,772	\$ -	\$ -	\$ -	\$ 219,772
Sales and use	178,115	-	-	-	178,115
Business	85,720	-	-	-	85,720
Penalties and interest	2,984	-	-	-	2,984
Licenses and permits	23,411	-	-	-	23,411
Intergovernmental	20,082	170,995	193,723	130,624	515,424
Charges for services	148,343	-	-	-	148,343
Fines, forfeitures and fees	486,696	-	-	8,737	495,433
Investment earnings	198	-	-	-	198
Rental income	14,486	-	-	-	14,486
Miscellaneous	1,020	-	-	-	1,020
Total revenues	<u>1,180,827</u>	<u>170,995</u>	<u>193,723</u>	<u>139,361</u>	<u>1,684,906</u>
EXPENDITURES					
Current:					
General government	165,075	-	-	142	165,217
Mayor and council	47,371	-	-	-	47,371
Judicial	18,800	-	-	-	18,800
Public safety	764,504	-	-	13,314	777,818
Public works	71,311	268,889	-	75,572	415,772
Probation	79,720	-	-	-	79,720
Culture and recreation	-	16,194	-	-	16,194
Health and welfare	-	-	193,723	-	193,723
Total expenditures	<u>1,146,781</u>	<u>285,083</u>	<u>193,723</u>	<u>89,028</u>	<u>1,714,615</u>
Net changes in fund balances	34,046	(114,088)	-	50,333	(29,709)
Fund balances - beginning	365,901	701,911	-	35,394	1,103,206
Fund balances - ending	<u>\$ 399,947</u>	<u>\$ 587,823</u>	<u>\$ -</u>	<u>\$ 85,727</u>	<u>\$ 1,073,497</u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

Net change in fund balances - total governmental funds	\$ (29,709)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$252,329) exceeded depreciation (\$83,425) in the current period.	168,904
Property taxes collected sixty days or later subsequent to year end are not recognized as revenue in the governmental funds.	(1,534)
Repayment of debt is a use of current financial resources in the governmental funds, but the repayment of debt decreases liabilities in the statement of activities.	<u>18,943</u>
Change in net position of governmental activities	<u><u>\$ 156,604</u></u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
ENTERPRISE FUNDS
MARCH 31, 2014

	<u>Water/Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash:			
Unrestricted	\$ 21,188	\$ 124,539	\$ 145,727
Restricted	13,622	-	13,622
Total cash	<u>34,810</u>	<u>124,539</u>	<u>159,349</u>
Certificate of deposit - restricted	29,396	-	29,396
Accounts receivable (net)	21,622	10,181	31,803
Interfund balances	-	31,651	31,651
Prepaid insurance	2,987	2,987	5,974
Total current assets	<u>88,815</u>	<u>169,358</u>	<u>258,173</u>
Noncurrent assets:			
Capital assets:			
Land	38,109	-	38,109
Equipment	60,896	247,668	308,564
Buildings	9,725	6,550	16,275
Distribution system	2,201,156	-	2,201,156
Less accumulated depreciation	(672,278)	(222,798)	(895,076)
Total noncurrent assets	<u>1,637,608</u>	<u>31,420</u>	<u>1,669,028</u>
Total assets	<u>\$ 1,726,423</u>	<u>\$ 200,778</u>	<u>\$ 1,927,201</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 18,828	\$ 3,403	\$ 22,231
Interfund balances	57,919	334	58,253
Note payables - current portion	33,948	-	33,948
Total current liabilities	<u>110,695</u>	<u>3,737</u>	<u>114,432</u>
Noncurrent liabilities:			
Water deposits	43,018	-	43,018
Notes payable less current portion	333,496	-	333,496
Total noncurrent liabilities	<u>376,514</u>	<u>-</u>	<u>376,514</u>
Total liabilities	<u>487,209</u>	<u>3,737</u>	<u>490,946</u>
NET POSITION			
Net investment in capital assets	1,270,164	31,420	1,301,584
Unrestricted	(30,950)	165,621	134,671
Total net position	<u>\$ 1,239,214</u>	<u>\$ 197,041</u>	<u>\$ 1,436,255</u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

	Water/Sewer Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for services	\$ 313,474	\$ 110,919	\$ 424,393
Total operating revenues	<u>313,474</u>	<u>110,919</u>	<u>424,393</u>
OPERATING EXPENSES			
Chemicals and fees	201,594	-	201,594
Depreciation	56,794	20,575	77,369
Personnel services	32,008	32,442	64,450
Repairs and maintenance	12,761	11,210	23,971
Professional fees	18,180	1,972	20,152
Landfill fees	-	19,727	19,727
Supplies	6,269	7,352	13,621
Utilities	12,965	-	12,965
Other expenses	8,705	-	8,705
Gas and oil	3,761	3,862	7,623
Telephone	4,853	1,447	6,300
Insurance	2,676	2,677	5,353
Total operating expenses	<u>360,566</u>	<u>101,264</u>	<u>461,830</u>
Operating income (loss)	<u>(47,092)</u>	<u>9,655</u>	<u>(37,437)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	345	-	345
Interest expense	(11,395)	-	(11,395)
Total nonoperating revenues (expenses)	<u>(11,050)</u>	<u>-</u>	<u>(11,050)</u>
Income (loss) before contributions and and transfers	(58,142)	9,655	(48,487)
CAPITAL CONTRIBUTIONS			
Capital contributions	326,685	-	326,685
Total capital contributions	<u>326,685</u>	<u>-</u>	<u>326,685</u>
Change in net position	268,543	9,655	278,198
Total net position - beginning	970,671	187,386	1,158,057
Total net position - ending	<u>\$ 1,239,214</u>	<u>\$ 197,041</u>	<u>\$ 1,436,255</u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

	Water/Sewer Fund	Sanitation Fund	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 317,233	\$ 110,865	\$ 428,098
Receipts (payments) for loans/interfund services provided	9,510	(175)	9,335
Payments to employees (or for their benefit) for services provided	(32,008)	(32,442)	(64,450)
Payments to suppliers for goods or services	(260,366)	(48,530)	(308,896)
Net cash provided (used) by operating activities	<u>34,369</u>	<u>29,718</u>	<u>64,087</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(245,000)	-	(245,000)
Principal paid on capital debt	(25,625)	-	(25,625)
Loan proceeds	245,000	-	245,000
Interest paid on capital debt	(11,395)	-	(11,395)
Net cash provided (used) by capital and related financing activities	<u>(37,020)</u>	<u>-</u>	<u>(37,020)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificate of deposit	(346)	-	(346)
Interest income	345	-	345
Net cash provided by investing activities	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Net increase (decrease) in cash and cash equivalents	(2,652)	29,718	27,066
Balances - beginning	37,462	94,821	132,283
Balances - ending	<u>\$ 34,810</u>	<u>\$ 124,539</u>	<u>\$ 159,349</u>

See accompanying notes to the basic financial statements.

CITY OF REMERTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
ENTERPRISE FUNDS
(CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>Water/Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Operating income (loss)	\$ (47,092)	\$ 9,655	\$ (37,437)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	56,794	20,575	77,369
Change in assets and liabilities:			
Receivables, net	1,039	(54)	985
Prepaid insurance	(1,808)	(1,808)	(3,616)
Due to other funds	9,510	(175)	9,335
Deposits	2,720	-	2,720
Accounts payable	13,206	1,525	14,731
Net cash provided by operating activities	<u>\$ 34,369</u>	<u>\$ 29,718</u>	<u>\$ 64,087</u>

Non-cash activity: Purchases of water/sewer capital assets of \$326,685 were funded by capital contributions of \$254,713 from the SPLOST VI Fund and \$71,972 from the SPLOST V Fund.

See accompanying notes to the basic financial statements.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present the City of Remerton, Georgia, (the primary government, “the City”) which operates under a mayor-council form of government. The City’s major operations in addition to general administrative services include public safety (police and fire protection), judicial/probation, public works (highways and streets), sanitation and water/sewer.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies, established in GAAP and used by the City, are discussed below.

A. Reporting Entity

The Governmental Accounting Standards Board sets forth criteria for determining the reporting entity. Organizations legally separate from the City of Remerton, Georgia, would be included in the financial statements of City of Remerton, Georgia, if the criteria of financial accountability were met as defined by Governmental Accounting Standards Board Statement Number 14 or if exclusion of the entity would cause the City’s financial statements to be misleading or incomplete.

The criteria for including organizations as component units within the City’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization’s board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

B. Basic Financial Statements – Government-wide Statements

The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City’s police and fire protection, judicial/probation, highways and streets and general administrative services are classified as governmental activities. The City’s water and sewer fund is classified as a business activity along with the sanitation fund. There are no fiduciary funds, nor component units that are fiduciary in nature, included.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City’s net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of liquid assets (generated from revenues and not bond proceeds) that have a third party (statutory, bond covenant, or granting agency) limitation on their use. The City would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general government, public safety, public works, etc.) and business activities (water, sewer and sanitation). The functions are also supported by general government revenues (taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, etc.) or a business-type activity. Operating grants, if any, include operating-specific and discretionary (either operating or capital) grants while the capital grants column, if any, reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, investment earnings, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activity.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. The governmental funds employ the current financial resources measurement focus. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major funds.

The City's major funds are the General Fund, SPLOST VI Capital Projects Fund, CDBG Capital Projects Fund, Water/Sewer Fund, and Sanitation Fund.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. General Fund - is the general operating fund of the City. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The City has two special revenue funds:

- (1.) Police Technology Fund – used to account for and report technology surcharges received, that have been imposed by the municipal count, and restricted to use for technology support for the police department and municipal court.
- (2.) Seized Funds Fund – used to account for assets confiscated by the police department and restricted to use for qualifying public safety expenditures.

The City has four capital projects funds:

- (1.) Special Purpose Local Option Sales Tax Capital Projects Fund - SPLOST V –used to account for and report special local option sales taxes received from SPLOST V and restricted to use for qualifying capital expenditures.
- (3.) Special Purpose Local Option Sales Tax Capital Projects Fund – SPLOST VI – used to account for and report special local option sales taxes received from SPLOST VI and restricted to use for qualifying capital expenditures.
- (4.) Special Purpose Local Option Sales Tax Capital Projects Fund – SPLOST VII – used to account for and report special local option sales taxes received from SPLOST VII and restricted to use for qualifying capital expenditures.
- (3.) CDBG Capital Projects Fund - used to account for and report CDBG grant proceeds and expenditures and restricted for qualifying grant expenditures.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Nonoperating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from nonexchange transactions or auxiliary activities

(1.) Water/Sewer Fund - used to account for and report the revenues and related expenses of providing water and sewer services to the City's residents.

(2.) Sanitation Fund – used to account for and report the revenues and related expenses of providing sanitation services to the City's residents.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide and Proprietary Fund Financial Statement:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The City's definition of "available" means collectible within one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Equivalents

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits and short-term investments with a maturity date less than three months from the date acquired by the City.

2. Investments

The City is limited by state law to the following investments: obligations of the State of Georgia, other states, or the U. S. Government; obligations fully insured by the U. S. Government or any agency thereof; obligations of any corporation of the U. S. Government; prime bankers' acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

3. Receivables and Property Taxes

Accounts receivable are recorded in the governmental funds for taxes receivable, fines and forfeitures and amounts due from other governments. The accounts receivable for property taxes – real property and fines and forfeitures are recorded net of the associated allowance for doubtful accounts in the general fund.

Taxes on real property, motor vehicles, intangibles, and mobile homes are collected by the county tax collector and remitted to the City on a monthly basis. The City bills and collects other tax revenues. Local Option Sales Tax is collected by the State of Georgia and remitted monthly to the City. Georgia statutes do not provide a maximum millage rate which may be levied.

Tax revenues are recognized during the period in which they are levied. An allowance is established for delinquent taxes to the extent their collectability is questionable. Taxes collected during the current period and within sixty days thereafter are considered available to finance current operations.

The property tax rate for 2013 was \$6.382 per \$1,000 of assessed valuation, and current tax collection for the year then ended was 89.23% of the tax levied.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The full year property tax calendar is as follows:

Assessment date	January 1
Assessors submit returns to tax collector	July 1
Levy date	July 28
Tax collector mails annual tax bills	September 15
Due date of taxes, other than motor vehicles	November 15
Execution (lien) date for unpaid taxes	November 16

4. Capital Assets

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

Assets with an initial estimated useful life of more than one year and have an original cost of \$500 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are listed below:

Buildings and improvements	10 - 40 years
Other infrastructure	28 - 40 years
Machinery and equipment	5 - 15 years

GASBS No. 34 requires the City to report and depreciate infrastructure assets. The City has elected not to report major general infrastructure assets retroactively, but began April 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City.

5. Interfund Activity

Interfund activity is reported as loans, as services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Receipts and/or payments to or from other governmental units included in the reporting entity of the City are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal purpose of the City's interfund transfers is for transfers of income for current operations.

The principal purpose of interfund balances is to record amounts due to and from other funds for expenditures, paid out of the general fund, which are allocable to the special revenue funds or enterprise fund.

6. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Revenues of the governmental funds susceptible to accrual are property taxes, sales tax, alcoholic beverage tax, and rental income. Subsidies and grants to general or special revenue funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Program revenues reported on the statement of activities are: licenses and permits, charges for services, fines and forfeitures, probation/court costs and rental income.

7. Expenditures

Expenditures are recognized when the related fund liability is incurred. Prepaid expenses are recorded when an expense is incurred but benefits are for a subsequent period.

8. Prepaid expenses

Payments made to vendors for services that will benefit subsequent periods are generally recorded as prepaid items.

9. Inventories

Significant materials on hand, if any, are shown as inventory.

10. Compensated Absences and Employee Benefits

Compensated Absences:

The City provides vacation and sick pay benefits to its full-time, regular employees which must be used by year end.

Retirement Benefits:

The City maintains a non-contributory retirement plan (refer to Note 7 for additional plan information).

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Fund Balances and Net Position

Fund Balances. 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:

- a) Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact.
- b) Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the entity or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- c) Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- d) Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the City can authorize a committee or the City Manager to assign fund balances.
- e) Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow assumption. When both restricted and unrestricted amounts of fund balances or net position are available for use for expenditures or expenses 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 balances in the following order: (1) committed, (2) assigned, (3) unassigned.

11. Stewardship, Compliance and Accountability

The City's Finance Ordinance requires the governing authority to adopt budgets for all governmental fund types (general and special revenue funds). An annual budget is also prepared for the City's enterprise funds. The annual, and project basis budgets for the capital project funds, are prepared in accordance with the cash basis of accounting. The legal level of budgetary control is the department level. Refer to Note A in the notes to required supplementary information for further information.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 2 – CASH AND EQUIVALENTS, CUSTODIAL RISK AND INTEREST RATE RISK

Cash balances are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Governmental activities:		
General fund:		
Deposits	\$ 266,111	\$ 273,663
Petty cash	400	-
Capital projects funds:		
Deposits:		
SPLOST VI	574,963	574,963
CDBG	50,319	50,319
Nonmajor funds:		
Deposits	<u>52,406</u>	<u>52,405</u>
Total governmental activities	<u>944,199</u>	<u>951,350</u>
Business-type activities:		
Water and sewer fund:		
Deposits	34,660	34,661
Petty cash	150	-
Sanitation fund:		
Deposits	<u>124,539</u>	<u>124,539</u>
Total business-type activities	<u>159,349</u>	<u>159,200</u>
 Total cash	 <u><u>\$1,103,548</u></u>	 <u><u>\$ 1,110,550</u></u>

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no custodial risk policy. All of the above carrying amount and bank balance is covered by FDIC or by participation in the Georgia Bankers Association Collateral Pool.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

**NOTE 2 – CASH AND EQUIVALENTS, CUSTODIAL RISK AND INTEREST RATE RISK
(CONTINUED)**

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate risk. However the City has made no investments that would subject it to interest rate risk.

Restricted Cash and Certificate of Deposit

Restricted assets are comprised of the following:

Governmental activities:

SPLOST VI capital projects fund: \$574,963 - restricted for qualifying SPLOST VI expenditures

CDBG capital projects fund: \$50,319 - restricted for expenditures for CDBG project

Nonmajor governmental funds:

SPLOST VII capital projects fund: \$15,866 - restricted for qualifying SPLOST VII capital expenditures

Police technology fund: \$35,658 - restricted for technology support for the police department and municipal court

Seized funds fund: \$882 – restricted for qualified public safety expenditures

Business- type activities:

Proprietary fund:

Water and sewer fund: \$43,018 - deposits received from customers for services (cash of \$13,622 and certificate of deposit in the amount of \$29,396)

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 3 – RECEIVABLES AND ALLOWANCE FOR BAD DEBT

Receivables are detailed below:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Taxes:			
Real property			
Current	\$ 14,665	\$ -	\$ 14,665
Delinquent	11,257	-	11,257
Less allowance for bad debt	(4,000)	-	(4,000)
Alcoholic beverage taxes	2,021	-	2,021
Franchise	13,242	-	13,242
Total taxes receivable	<u>37,185</u>	<u>-</u>	<u>37,185</u>
Intergovernmental:			
Local option sales and use tax	25,913	-	25,913
Special purpose local option sales tax:			
SPLOST V	4,955	-	4,955
SPLOST VII	35,854	-	35,854
State of Georgia:			
CDBG grant	96,958	-	96,958
TE Grant	12,960	-	12,960
Lowndes County	7,512	-	7,512
Total intergovernmental receivable	<u>184,152</u>	<u>-</u>	<u>184,152</u>
Fines and forfeitures:			
Current	160,716	-	160,716
Less allowance for bad debt	(86,600)	-	(86,600)
Total fines and forfeitures receivable	<u>74,116</u>	<u>-</u>	<u>74,116</u>
Water, sewer and sanitation charges			
Water and sewage	-	22,172	22,172
Less allowance for bad debt	-	(550)	(550)
Sanitation	-	10,431	10,431
Less allowance for bad debt	-	(250)	(250)
Total water, sewer and sanitation charges receivable	<u>-</u>	<u>31,803</u>	<u>31,803</u>
Other receivables:			
Employee Advances	1,790	-	1,790
Total receivables	<u>\$ 297,243</u>	<u>\$ 31,803</u>	<u>\$ 329,046</u>

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 4 - INTERFUND BALANCES

Interfund balances consist of the following:

Fund	Interfund Balances		
	Receivable	Payable	Net
Governmental Activities:			
General fund:			
Water and sewer fund	\$ 16,268	\$ -	\$ 16,268
Sanitation fund	334	-	334
SPLOST VI capital projects fund	100	(12,960)	(12,860)
CDBG capital projects fund	100		100
Nonmajor funds	2,533	-	2,533
SPLOST VI capital projects fund:			
General fund	12,960	(100)	12,860
CDBG capital projects fund			
General fund	-	(100)	(100)
Nonmajor funds:			
General fund	-	(2,533)	(2,533)
Water and sewer fund	10,000	-	10,000
Total governmental activities	<u>\$ 42,295</u>	<u>\$ (15,693)</u>	<u>\$ 26,602</u>
Business-type Activities:			
Water and sewer fund:			
General fund	\$ -	\$ (16,268)	\$ (16,268)
Sanitation fund	-	(31,651)	(31,651)
Nonmajor funds	-	(10,000)	(10,000)
Sanitation fund:			
General fund	-	(334)	(334)
Water and sewer fund	31,651	-	31,651
Total business-type activities	<u>\$ 31,651</u>	<u>\$ (58,253)</u>	<u>\$ (26,602)</u>

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 222,554	\$ -	\$ -	\$ -	\$ 222,554
Construction in progress	5,084	209,924	-	-	215,008
Total capital assets not being depreciated	227,638	209,924	-	-	437,562
Capital assets being depreciated:					
Buildings and improvements	756,316	357,414	-	(326,685)	787,045
Equipment and vehicles	857,676	11,676	-	-	869,352
Total assets being depreciated	1,613,992	369,090	-	(326,685)	1,656,397
Less accumulated depreciation for:					
Buildings and improvements	(287,128)	(34,075)	-	-	(321,203)
Equipment and vehicles	(746,983)	(49,350)	-	-	(796,333)
Total accumulated depreciation	(1,034,111)	(83,425)	-	-	(1,117,536)
Total capital assets being depreciated, net	579,881	285,665	-	(326,685)	538,861
Governmental activities capital assets, net	<u>\$ 807,519</u>	<u>\$ 495,589</u>	<u>\$ -</u>	<u>\$ (326,685)</u>	<u>\$ 976,423</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 38,109	\$ -	\$ -	\$ -	\$ 38,109
Total capital assets not being depreciated	38,109	-	-	-	38,109
Capital assets being depreciated:					
Buildings	16,275	-	-	-	16,275
Equipment	308,564	-	-	-	308,564
Water/sewer system	1,629,471	245,000	-	326,685	2,201,156
Total assets being depreciated	1,954,310	245,000	-	326,685	2,525,995

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Less accumulated depreciation for:					
Buildings	(13,429)	(877)	-	-	(14,306)
Equipment	(249,332)	(22,931)	-	-	(272,263)
Water system	(554,946)	(53,561)	-	-	(608,507)
Total accumulated depreciation	(817,707)	(77,369)	-	-	(895,076)
Total capital assets being depreciated, net	1,136,603	167,631	-	326,685	1,630,919
Business-type activities capital assets, net	<u>\$ 1,174,712</u>	<u>\$ 167,631</u>	<u>\$ -</u>	<u>\$ 326,685</u>	<u>\$ 1,669,028</u>

Depreciation expense was charged to divisions as follows:

Governmental activities:

General government	\$ 13,815
Public safety	42,585
Probation	-
Culture and recreation	496
Public works	<u>26,529</u>
Total depreciation expense - governmental activities	<u>\$ 83,425</u>

Business-type activities

Water and sewer fund	\$ 56,794
Sanitation fund	<u>20,575</u>
Total depreciation expense - business-type activities	<u>\$ 77,369</u>

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 6 –DEBT

Debt payable consists of the following:

Governmental

Note 1. Note payable to the Battered Women’s Shelter, Inc. to fund the purchase of real estate for use in a CDBG capital project, beginning November 30, 2012 through May 31, 2013, with no annual payments or interest, collateralized by real estate. CDBG proceeds was used to repay this note payable.

Note 2. Note payable to U.S. Department of Agriculture, to fund the purchase of four public safety vehicles, beginning August 31, 2009 through August 31, 2013, with annual payments, including interest at 4.375% per annum, of \$19,772, collateralized by four vehicles.

Business-type

Note 3. Note payable to Georgia Environmental Facilities Authority, to fund water and sewer improvements, beginning July 1997 through October 2018, with monthly payments, including interest at 5.43% per annum, of \$2,567.28, collateralized by water system infrastructure.

Note 4. Note payable to Georgia Environmental Facilities Authority, to fund a major water improvement, beginning January 1, 2014 through December 1, 2033, with monthly payments, including interest at 2.82% per annum, of \$1,336.79, collateralized by water system infrastructure.

Changes in short-term debt were as follows:

	Beginning Balance 4/1/2013	Additions	Repayments	Ending Balance 3/31/2014	Due in One Year
<u>Short-term debt</u>					
Governmental activities:					
Note 1	\$ 69,000	\$ -	\$ (69,000)	\$ -	\$ -
Total short-term debt	<u>\$ 69,000</u>	<u>\$ -</u>	<u>\$ (69,000)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 6 –DEBT (CONTINUED)

Changes in long-term debt were as follows:

	Beginning Balance 4/1/2013	Additions	Repayments	Ending Balance 3/31/2014	Due in One Year
Governmental activities:					
Note 2	\$ 18,943	\$ -	\$ (18,943)	\$ -	\$ -
Total governmental activities	18,943	-	(18,943)	-	-
Business-type activities:					
Water/sewer fund:					
Note 3	148,069	-	(23,337)	124,732	24,631
Note 4	-	245,000	(2,288)	242,712	9,317
Total business-type activities	148,069	245,000	(25,625)	367,444	33,948
Total long-term debt	<u>\$ 167,012</u>	<u>\$ 245,000</u>	<u>\$ (44,568)</u>	<u>\$ 367,444</u>	<u>\$ 33,948</u>

Total interest cost incurred in the current year was as follows:

Governmental activities:	
Public safety	\$ 829
Business-type activities:	
Water and sewer fund	\$ 11,395

Maturities of long-term debt are as follows:

Year Ended March 31	Business-Type Activities		
	Principal	Interest	Total
2015	\$ 33,948	\$ 12,898	\$ 46,846
2016	35,574	11,275	46,849
2017	37,306	9,542	46,848
2018	39,116	7,733	46,849
2019	28,110	5,941	34,051
2020 - 2024	56,782	23,425	80,207
2025 - 2029	65,370	14,838	80,208
2030 - 2034	71,238	4,559	75,797
Total	<u>\$ 367,444</u>	<u>\$ 90,211</u>	<u>\$ 457,655</u>

In prior years the Water/Sewer Fund has been used to liquidate Note 3 and is also expected to be used to liquidate Note 4.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 7 – RETIREMENT BENEFITS

Plan Description

The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a noncontributory agent multiple-employer defined benefit public employer retirement system that acts as a common investment and administrative agent for governmental entities in the State of Georgia. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The plan was adopted on January 1, 2003 and is administered by Georgia Municipal Association. Benefit provisions and all other requirements are established by state statute. Plan features, including benefit provisions, are established by the plan Board of Trustees. Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained from the Georgia Municipal Association, 201 Pryor Street S.W., Atlanta, Georgia 30303-3606.

Recommended Contributions

The Board of Trustees of the Georgia Municipal Employees Benefit System has adopted an actuarial funding policy for the determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1996 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10 – year and 30-year amortization of the unfunded/(surplus) actuarial accrued liability.

The plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 7 – RETIREMENT BENEFITS (CONTINUED)

Actuarial Method and Significant Assumptions

Valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Net investment rate of return	7.75%
Projected salary increases	3.5% plus age and service based merit increases
Inflation rate	3.5%
Cost of living adjustments	0%
Membership of the Plan	
Retirees and beneficiaries	2
Terminated plan members entitled to, but not yet receiving benefits	13
Active plan members	<u>13</u>
Total	<u>28</u>

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standards of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 7 – RETIREMENT BENEFITS (CONTINUED)

Funded Status of the Plan as of the Most Recent Valuation Date

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Surplus) Actuarial Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b)-(a)]/(c)]
1/1/2013	\$ 619,332	\$ 576,500	\$ (42,832)	107.43%	\$ 422,966	0.00%

* *Not less than zero*

The required schedule of funding progress in the Required Supplementary Information section presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three Year Trend Information

Fiscal Year Ended 3/31	Annual Pension Costs	Percentage of APC Contributed	Pension Obligation
2014	\$ 36,539	100%	\$ -
2013	\$ 45,271	100%	\$ -
2012	\$ 36,886	100%	\$ -

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 8 – FUND BALANCE CLASSIFICATIONS

Classifications of governmental fund balances are as follows:

	General Fund	SPLOST VI Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Allocated to prepaid insurance	\$ 14,086	\$ -	\$ -	\$ 14,086
Restricted for:				
Specified capital projects	\$ -	\$ 587,823	\$ 51,720	\$ 639,543
Public safety expenditures	-	-	882	882
Technology support for police department and municipal court	-	-	33,125	33,125
Total	\$ -	\$ 587,823	\$ 85,727	\$ 673,550

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 10 – RISK FINANCING ACTIVITY

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks. There was no significant reduction of insurance coverage from the prior year. No losses in excess of insurance coverage have occurred in the last three years.

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

The City's deductible limits are \$1,000 per occurrence. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss over the deductible.

The City is also a member of the GMA Workers Compensation Self Insurance Fund (GMA). This Fund operates under the authority of OCGA 34-9-150.

The responsibility of the Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is also responsible for paying all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. There is no deductible under this Fund.

Responsibilities of the City of Remerton regarding GIRMA or GMA are as follows:

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

To allow GIRMA or GMA and its agents, reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA or GMA.

To allow attorneys appointed to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA or GMA.

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

CITY OF REMERTON
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 11 – CONTINGENCIES - COMMITMENTS

The City of Remerton, in conjunction with cities and counties in an eighteen county South Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in a regional commission (RC) is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to an RC. The RC board membership includes the Chief elected official of each county and the chief elected official of each municipality. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond resources (O.C.G.A. 50-8-39.1). Separate financial statements are available from the Southern Georgia Regional Commission, Valdosta, Georgia. Management does not believe the SGRC is currently experiencing fiscal stress that could put a financial burden on the City of Remerton.

In prior years, the City has received monies through various federal and state grants. These programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for expenses disallowed under the terms of the grants. Management believes that the City will not incur significant losses on possible grant disallowances.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Budgeted Amounts		Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Cash and certificates of deposit, April 1	\$ 231,896	\$ 231,896	\$ 231,896	\$ -
Resources (inflows):				
Taxes:				
Property:				
Real and personal property	137,500	161,655	163,456	1,801
Intangible	6,000	3,048	1,837	(1,211)
Transfer	500	3,145	3,015	(130)
Franchise	57,000	52,600	52,722	122
Sales and use:				
Local option	155,000	153,508	153,040	(468)
Alcoholic beverage excise	30,000	25,020	25,075	55
Business:			-	
Business and occupation	20,000	25,477	27,791	2,314
Insurance premium	58,000	60,244	57,929	(2,315)
Licenses and permits:			-	
Alcoholic beverages	19,000	21,580	21,579	(1)
Other permits and fees	7,450	1,833	1,832	(1)
Charges for services:				
Supervision	142,500	127,681	127,681	-
Drug tests	26,000	16,542	16,542	-
Community service	2,000	3,730	3,730	-
Miscellaneous	350	627	390	(237)
Intergovernmental	-	-	7,122	7,122
Fines and forfeitures	460,500	515,280	518,412	3,132
Investment earnings	-	-	198	198
Rental income	11,000	14,500	14,486	(14)
Miscellaneous	7,500	79,600	70,020	(9,580)
Amounts available for appropriation	1,372,196	1,497,966	1,498,753	787

See accompanying notes to Required Supplementary Information

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014

	Budgeted Amounts		Amounts	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	106,638	103,800	102,683	(1,117)
Operating expenditures	51,860	62,635	62,045	(590)
Capital outlay	-	69,000	69,000	-
Total general government	158,498	235,435	233,728	(1,707)
Mayor and council				
Direct				
Personnel services	40,900	40,286	40,286	-
Operating expenditures	10,450	4,465	4,463	(2)
Total mayor and council	51,350	44,751	44,749	(2)
Judicial				
Direct				
Personnel services	18,863	22,000	20,165	(1,835)
Total judicial	18,863	22,000	20,165	(1,835)
Public safety - police				
Direct				
Personnel services	433,930	443,246	441,770	(1,476)
Operating expenditures	286,822	320,603	301,679	(18,924)
Capital outlay	5,000	-	-	-
Debt service	-	19,772	19,772	-
Total public safety - police	725,752	783,621	763,221	(20,400)
Public safety - fire				
Direct				
Personnel services	3,150	2,514	2,512	(2)
Operating expenditures	16,910	23,607	21,108	(2,499)
Capital outlay	2,000	-	-	-
Total public safety - fire	22,060	26,121	23,620	(2,501)

See accompanying notes to Required Supplementary Information

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014

	Budgeted Amounts		Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Probation				
Direct				
Personnel services	48,080	49,205	49,082	(123)
Operating expenditures	39,700	31,800	27,389	(4,411)
Total probation	87,780	81,005	76,471	(4,534)
Public works				
Direct				
Personnel services	36,357	31,949	27,303	(4,646)
Operating expenditures	38,340	33,474	26,816	(6,658)
Capital outlay	-	-	-	-
Total public works	74,697	65,423	54,119	(11,304)
Total charges to appropriations	1,139,000	1,258,356	1,216,073	(42,283)
Budgetary fund balance, March 31	\$ 233,196	\$ 239,610	\$ 282,680	\$ 43,070

See accompanying notes to Required Supplementary Information

CITY OF REMERTON
SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN
LAST THREE YEARS
MARCH 31, 2014

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Surplus) Actuarial Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b)-(a)]/(c)
1/1/2013	\$ 619,332	\$ 576,500	\$ (42,832)	107.43%	\$ 422,966	0.00%
1/1/2012	\$ 549,882	\$ 542,046	\$ (7,836)	101.45%	\$ 371,483	0.00%
1/1/2011	\$ 494,431	\$ 514,051	\$ 19,620	96.18%	\$ 444,484	4.41%

* *Not less than zero*

See accompanying notes to Required Supplementary Information

CITY OF REMERTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2014

NOTE A - BUDGETS

The City's Finance Ordinance requires the governing authority to adopt budgets for all governmental fund types (general and special revenue funds). An annual budget is also prepared for the City's enterprise funds. Budgets for the capital projects funds are adopted on a total project basis. The budgets are prepared in accordance with the cash basis of accounting. The legal level of budgetary control is the department level.

The City budget officer may transfer appropriations in any fund among the various accounts within a department. Transfers within a department, which increase salaries, require approval of the City Council. Any increase in appropriation for any fund or department within a fund requires approval of the City Council. Except for appropriations for capital expenditures, all appropriations, to the extent not expended or encumbered, lapse at the close of the period for which the appropriation was budgeted. Appropriations for capital expenditures continue in effect until the purpose for which it was made has been accomplished or abandoned. Capital appropriations are deemed abandoned after three years when there has been no disbursement or encumbrance of the appropriation.

Council advertises and conducts public hearings on the proposed budget in accordance with ordinances and state law requirements. The final budget is adopted on or prior to March 31. The budget for the year ended March 31, 2014 was adopted by the council on March 11, 2013. Significant budget amendments require approval of the Mayor and Council, after holding a public hearing. Notice of public hearing is advertised in the locally circulated paper at least 7 days before and a copy of the amended budget is displayed in a public location. Amendments were made to the original budget on May 13, 2014.

CITY OF REMERTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2014
(CONTINUED)

NOTE B – BUDGET – TO – ACTUAL RECONCILIATION

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,498,753
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(231,896)
Change in accounts receivable and deferred revenue	<u>(86,030)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 1,180,827</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,216,073
Difference - budget to GAAP:	
Change in accounts payable and prepaid insurance	<u>(69,292)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 1,146,781</u></u>

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS

CITY OF REMERTON
 COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2014

	Capital Projects Funds			Special Revenue Funds			Total Nonmajor Governmental Funds
	SPLOST V	SPLOST VII	Total Capital Projects Funds	Police Technology Fund	Seized Funds Fund	Total Special Revenue Funds	
ASSETS							
Cash	\$ -	\$ 15,866	\$ 15,866	\$ 35,658	\$ 882	\$ 36,540	\$ 52,406
Intergovernmental receivable	4,955	35,854	40,809	-	-	-	40,809
Interfund balance	10,000	-	10,000	-	-	-	10,000
Total assets	<u>\$ 14,955</u>	<u>\$ 51,720</u>	<u>\$ 66,675</u>	<u>\$ 35,658</u>	<u>\$ 882</u>	<u>\$ 36,540</u>	<u>\$ 103,215</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 14,955	\$ -	\$ 14,955	\$ -	\$ -	\$ -	\$ 14,955
Interfund balance	-	-	-	2,533	-	2,533	2,533
Total liabilities	<u>14,955</u>	<u>-</u>	<u>14,955</u>	<u>2,533</u>	<u>-</u>	<u>2,533</u>	<u>17,488</u>
Fund balances:							
Restricted for:							
Health and welfare	-	-	-			-	-
Public safety	-	51,720	51,720	33,125	882	34,007	85,727
Total fund balance	<u>-</u>	<u>51,720</u>	<u>51,720</u>	<u>33,125</u>	<u>882</u>	<u>34,007</u>	<u>85,727</u>
Total liabilities and fund balances	<u>\$ 14,955</u>	<u>\$ 51,720</u>	<u>\$ 66,675</u>	<u>\$ 35,658</u>	<u>\$ 882</u>	<u>\$ 36,540</u>	<u>\$ 103,215</u>

CITY OF REMERTON
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED MARCH 31, 2014

	Capital Projects Funds			Special Revenue Funds			Total Nonmajor Governmental Funds
	SPLOST V	SPLOST VII	Total Capital Projects Funds	Police Technology Fund	Seized Funds Fund	Total Special Revenue Funds	
REVENUES							
Intergovernmental	\$ 78,762	\$ 51,862	\$ 130,624	\$ -	\$ -	\$ -	\$ 130,624
Fees	-	-	-	8,737	-	8,737	8,737
Total revenues	<u>78,762</u>	<u>51,862</u>	<u>130,624</u>	<u>8,737</u>	<u>-</u>	<u>8,737</u>	<u>139,361</u>
EXPENDITURES							
Current:							
General government	-	142	142	-	-	-	142
Public safety	-	-	-	1,638	-	1,638	1,638
Capital outlay:							
Public safety	3,190	-	3,190	8,486	-	8,486	11,676
Public works	<u>75,572</u>	<u>-</u>	<u>75,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,572</u>
Total expenditures	<u>78,762</u>	<u>142</u>	<u>78,904</u>	<u>10,124</u>	<u>-</u>	<u>10,124</u>	<u>89,028</u>
Net changes in fund balances	-	51,720	51,720	(1,387)	-	(1,387)	50,333
Fund balances:							
Beginning	-	-	-	34,512	882	35,394	35,394
Ending	<u>\$ -</u>	<u>\$ 51,720</u>	<u>\$ 51,720</u>	<u>\$ 33,125</u>	<u>\$ 882</u>	<u>\$ 34,007</u>	<u>\$ 85,727</u>

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE
SPLOST V CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Project-Length Budget Amounts		Actual Amounts (Budgetary Basis)			Variance with Final Budget
	Original	Final	Prior	Current	Total	
			Years	Year		
Cash balance, April 1				\$ -	\$ -	\$ -
Resources (inflows):						
Intergovernmental	\$ 770,000	\$ 688,717	\$ 590,445	78,762	669,207	19,510
Amounts available for appropriation	770,000	688,717	590,445	78,762	669,207	19,510
Charges to appropriation (outflows):						
Capital outlay	770,000	688,717	590,445	78,762	669,207	19,510
Total charges to appropriations	\$ 770,000	\$ 688,717	\$ 590,445	78,762	669,207	19,510
Cash balance, March 31				\$ -	\$ -	\$ -

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE
SPLOST VI CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Project-Length		Actual Amounts			Variance with Final Budget
	Budget Amounts		(Budgetary Basis)			
	Original	Final	Prior Years	Current Year	Total	
Cash balance, April 1				\$ 664,427	\$ 664,427	\$ -
Resources (inflows):						
Intergovernmental	\$ 2,000,150	\$ 1,409,897	\$ 1,198,701	211,196	1,409,897	-
Amounts available for appropriation	2,000,150	1,409,897	1,198,701	875,623	2,074,324	-
Charges to appropriation (outflows):						
Capital outlay	2,000,150	1,409,897	534,340	287,700	822,040	587,857
Total charges to appropriations	\$ 2,000,150	\$ 1,409,897	\$ 534,340	287,700	822,040	587,857
Cash and interfund balance, March 31				\$ 587,923	\$ 1,252,284	\$ (587,857)

BUDGET - TO - ACTUAL RECONCILIATION

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 875,623
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(664,427)
Change in accounts receivable	(40,201)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 170,995
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 287,700
Difference - budget to GAAP:	
Change in accounts payable	(2,617)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 285,083

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE
SPLOST VII CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Project-Length	Actual Amounts			Variance with Final Budget
	Budget Amount:	(Budgetary Basis)			
	Original/Final	Prior Years	Current Year	Total	
Cash balance, April 1			\$ -	\$ -	\$ -
Resources (inflows):					
Intergovernmental	\$ 1,545,000	\$ -	16,008	16,008	1,528,992
Amounts available for appropriation	1,545,000	-	16,008	16,008	1,528,992
Charges to appropriation (outflows):					
Capital outlay	1,545,000	-	142	142	1,544,858
Total charges to appropriations	\$ 1,545,000	\$ -	142	142	1,544,858
Cash balance, March 31			\$15,866	\$ 15,866	\$ (15,866)

BUDGET - TO - ACTUAL RECONCILIATION

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation"
from the budgetary comparison schedule \$ 16,008

Differences - budget to GAAP:

The fund balance at the beginning of the year is a budgetary
resource but is not a current-year revenue for financial
reporting purposes -
Change in accounts receivable 35,854

Total revenues as reported on the statement of revenues,
expenditures and changes in fund balances - governmental
funds \$ 51,862

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to
appropriations" from the budgetary comparison schedule \$ 142

Total expenditures as reported on the statement of revenues,
expenditures and changes in fund balances - governmental
funds \$ 142

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE
CDBG CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Project- Length Budgeted Amounts <u>Original and Final</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance with Final Budget</u>
Budgetary fund balance, April 1	\$ -	\$ -	\$ -	\$ -	\$ -
Resources (inflows):					
Grantor cash	500,000	69,000	193,723	262,723	237,277
Grantee cash	<u>138,562</u>	<u>5,085</u>	<u>-</u>	<u>5,085</u>	<u>133,477</u>
Amounts available for appropriation	<u>638,562</u>	<u>74,085</u>	<u>193,723</u>	<u>267,808</u>	<u>370,754</u>
Charges to appropriation (outflows):					
Expenditures					
Capital outlay	<u>638,562</u>	<u>74,085</u>	<u>193,723</u>	<u>267,808</u>	<u>370,754</u>
Total charges to appropriations	<u>638,562</u>	<u>74,085</u>	<u>193,723</u>	<u>267,808</u>	<u>370,754</u>
Budgetary fund balance, March 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE
POLICE TECHNOLOGY FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Budgeted Amounts Original/Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, April 1	\$ 34,512	\$ 34,512	\$ -
Resources (inflows):			
Fees	<u>30,000</u>	<u>8,737</u>	<u>(21,263)</u>
Amounts available for appropriation	<u>64,512</u>	<u>43,249</u>	<u>(21,263)</u>
Charges to appropriation (outflows):			
Expenditures			
Public safety	<u>20,000</u>	<u>10,124</u>	<u>(9,876)</u>
Total charges to appropriations	<u>20,000</u>	<u>10,124</u>	<u>(9,876)</u>
Budgetary fund balance, March 31	<u><u>\$ 44,512</u></u>	<u><u>\$ 33,125</u></u>	<u><u>\$ (11,387)</u></u>

BUDGET - TO - ACTUAL RECONCILIATION

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 43,249
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(34,512)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 8,737</u></u>

CITY OF REMERTON
BUDGETARY COMPARISON SCHEDULE
SEIZED FUNDS FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Budgeted Amounts Original/Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Cash balance, April 1	\$ 882	\$ 882	\$ -
Resources (inflows):			
Fees	<u>100</u>	<u>-</u>	<u>(100)</u>
Amounts available for appropriation	<u>982</u>	<u>882</u>	<u>(100)</u>
Charges to appropriation (outflows):			
Expenditures			
Public safety	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance, March 31	<u><u>\$ 982</u></u>	<u><u>\$ 882</u></u>	<u><u>\$ (100)</u></u>

STATE COMPLIANCE SECTION

CITY OF REMERTON
ONE PERCENT SPECIAL PURPOSE SALES TAX PROJECT COST SCHEDULES
FOR THE YEAR ENDED MARCH 31, 2014

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Completed
			Prior Years	Current Period	Total	
SPLOST V - 2002 Issue						
Roads, streets and bridges	\$ 170,000	\$ 178,036	\$ 178,036	\$ 3,600	\$ 181,636	102.02%
Capital outlay projects:						
Water and sewer improvements			362,759	71,972	434,731	
Fire station improvements			-	3,190	3,190	
Drainage improvements			49,650	-	49,650	
Total capital outlay projects	600,000	510,681	412,409	75,162	487,571	95.47%
Totals	<u>\$ 770,000</u>	<u>\$ 688,717</u>	<u>\$ 590,445</u>	<u>\$ 78,762</u>	<u>\$ 669,207</u>	<u>97.17%</u>
SPLOST VI - 2007 Issue						
Roads, streets, bridges, drainage	\$ 300,000	\$ 212,835	\$ 12,148	\$ 14,176	\$ 26,324	
Improvements to water and sewer facilities	680,000	482,427	509,613	254,713	764,326	
Municipal offices/public safety facility and equip.	880,000	624,317	15,196	-	15,196	
City park property acquisition/equipment	140,150	99,323	-	16,194	16,194	
Totals	<u>\$2,000,150</u>	<u>\$1,418,902</u>	<u>\$ 536,957</u>	<u>\$ 285,083</u>	<u>\$ 822,040</u>	<u>57.93%</u>
SPLOST VII - 2013 Issue						
Roads, street, sidewalk facilities, and acquisition of equipment related thereto	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	
Construction/improvements to water/sewer/public works facilities, acquisition of equipment and payment for services rendered in connection therewith	550,000	550,000	-	-	-	
Equipment for public safety, including vehicles	345,000	345,000	-	-	-	
Construction/improvements/purchase of property for municipal facilities, purchase of furniture, fixtures, and equipment related thereto.	450,000	450,000	-	-	-	
Totals	<u>\$1,545,000</u>	<u>\$1,545,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>

FEDERAL COMPLIANCE SECTION

**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***

To the Mayor and Council
City of Remerton, 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, each major fund, and the aggregate remaining fund information of City of Remerton Georgia ("the City"), as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated September 8, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as 14-01 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of findings and responses as 14-02 and 14-03 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 14-04.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City'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.

Respectfully submitted,



Valenti, Rackley & Associates, LLC
Certified Public Accountants

September 8, 2014

CITY OF REMERTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MARCH 31, 2014

14-01

Condition: Inadequate segregation of accounting duties among personnel.

Cause: Limited staff size and resources.

Effect: Certain functions are not segregated including collection/deposit of cash and recording of cash receipts and general ledger; cash receipts/disbursements and preparation of bank reconciliations; accounts payable and recording of general ledger and payroll processing and general ledger due to limited staff size.

Recommendation: We recommend that increased management oversight of the accounting function be utilized to mitigate risk.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

14-02

Condition: Inadequate design of internal control over the preparation of the financial statements being audited. Optimum internal control exists when an entity has the ability to prepare its own financial statements in conformity with *Generally Accepted Accounting Principles* (GAAP).

Cause: Due to limited resources the City cannot employ staff with the necessary technical expertise to prepare the City's financial statements in conformity with GAAP.

Effect: The City must rely on its external auditors to ensure that yearend financial statements are prepared in conformity with GAAP.

Recommendation: No practical solution currently exists.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

CITY OF REMERTON
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2014

14-03

Condition: Uncollected utility accounts receivable for customers terminated during the year ended March 31, 2014 increased over the prior fiscal year amount.

Cause: Due to staff turnover, certain utility billing and collection procedures that provided additional internal controls were either modified or abandoned.

Effect: Increased risk of uncollectible utility charges.

Recommendation: Implement auditor-recommended procedures to strengthen internal controls over the utility billing and collection process, which include increased segregation of duties and management oversight.

Management Response: Management concurs with this finding and plans to implement auditor-recommended policies and procedures as soon as practicable. See management's Corrective Action Plan separately submitted.

14-04

Condition: A review of project costs, loan proceeds and other funding sources of a major water improvement project disclosed that excess SPLOST V funding in the amount of \$10,000 was requested and received by the City.

Cause: SPLOST V proceeds of \$10,000 were mistakenly drawn to fund a portion of costs of a water improvement project which was covered by a GEFA loan.

Effect: SPLOST V proceeds of \$10,000 must be repaid by the water and sewer fund.

Recommendation: We recommend that procedures be established over projects funded by multiple sources to ensure that the appropriate amount of funding is received.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

CITY OF REMERTON
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2014

Audit Reference
Number

13-01	Uncorrected in current year. Recited as 14-01
13-02	Uncorrected in current year. Recited as 14-02
13-03	Corrected in current year.