

City of Bloomingdale, Georgia
Annual Financial Report
For the Fiscal Year Ended June 30, 2014

City of Bloomingdale, Georgia

Annual Financial Report

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Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Bloomingdale, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomingdale, Georgia (*the City*), as of and for the year ended June 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

The City's 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 of 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 of Bloomingdale, Georgia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the 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 management's discussion and analysis and the schedule of funding progress on page 30 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 omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Our opinion on the basic financial statements are not affected by the missing information. We have applied certain limited procedures to the schedule of funding progress 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 Bloomingdale, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of projects constructed 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 combining and individual nonmajor fund financial statements and the schedule of projects constructed with special purpose local option sales tax proceeds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of projects constructed 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 6, 2015 on our consideration of the City of Bloomingdale, 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 Bloomingdale, Georgia's internal control over financial reporting and compliance.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
February 6, 2015

City of Bloomingdale, Georgia

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents.....	\$ 647,370	\$ 485,412	\$ 1,132,782
Investments.....	646,275	234,345	880,620
Receivables.....	515,434	50,502	565,936
Internal balances.....	(40,734)	40,734	-
Inventories.....	31,177	-	31,177
Restricted cash and cash equivalents:			
Customer deposits.....	9,550	32,001	41,551
Net pension asset.....	542,982	-	542,982
Capital assets			
Land, improvements, and construction in progress.....	1,636,516	59,335	1,695,851
Other capital assets, net of depreciation.....	5,583,617	1,771,636	7,355,253
Other assets.....	-	1,224,032	1,224,032
Total assets.....	<u>9,572,187</u>	<u>3,897,997</u>	<u>13,470,184</u>
LIABILITIES			
Accounts payable.....	65,919	10,439	76,358
Accrued payables.....	28,889	2,363	31,252
Customer deposits payable.....	9,550	32,001	41,551
Long-term liabilities:			
Due within one year.....	90,921	3,524	94,445
Due in more than one year.....	347,633	4,308	351,941
Total liabilities.....	<u>542,912</u>	<u>52,635</u>	<u>595,547</u>
NET POSITION			
Net investment in capital assets.....	6,856,342	1,830,971	8,687,313
Restricted for			
Capital projects.....	393,635	-	393,635
Public safety.....	1,997	-	1,997
Unrestricted.....	1,777,301	2,014,391	3,791,692
Total net position.....	<u>\$ 9,029,275</u>	<u>\$ 3,845,362</u>	<u>\$ 12,874,637</u>

City of Bloomingdale, Georgia
Statement of Activities
For the Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
General government.....	\$ 565,221	\$ 184,650	\$ -	\$ 2,877	\$ (377,694)		\$ (377,694)
Judiciary.....	43,184	-	-	-	(43,184)		(43,184)
Public safety.....	1,577,049	956,881	60,794	201,907	(357,467)		(357,467)
Public works.....	1,073,363	237,443	-	338,605	(497,315)		(497,315)
Culture and recreation.....	219,987	46,325	877	56,700	(116,085)		(116,085)
Housing and development.....	14,165	-	-	-	(14,165)		(14,165)
Interest on long-term debt.....	9,179	-	-	-	(9,179)		(9,179)
Total governmental activities.....	<u>3,502,148</u>	<u>1,425,299</u>	<u>61,671</u>	<u>600,089</u>	<u>(1,415,089)</u>		<u>(1,415,089)</u>
Business-type activities:							
Water and Sewer.....	687,737	521,685	-	6,270	-	\$ (159,782)	(159,782)
Total business-type activities.....	<u>687,737</u>	<u>521,685</u>	<u>-</u>	<u>6,270</u>	<u>-</u>	<u>(159,782)</u>	<u>(159,782)</u>
Total.....	<u>\$ 4,189,885</u>	<u>\$ 1,946,984</u>	<u>\$ 61,671</u>	<u>\$ 606,359</u>	<u>(1,415,089)</u>	<u>(159,782)</u>	<u>(1,574,871)</u>

GENERAL REVENUES

Taxes:			
Sales taxes for general purposes.....	847,430	-	847,430
Intangible, transfer, and franchise taxes.....	220,503	-	220,503
Business and occupation taxes.....	165,187	-	165,187
Alcoholic beverage taxes.....	13,942	-	13,942
Unrestricted investment earnings.....	115	62	177
Miscellaneous.....	132,477	1,054	133,531
Total general revenues	<u>1,379,654</u>	<u>1,116</u>	<u>1,380,770</u>
Change in net position.....	(35,435)	(158,666)	(194,101)
Net position - beginning.....	9,064,710	4,004,028	13,068,738
Net position - ending.....	<u>\$ 9,029,275</u>	<u>\$ 3,845,362</u>	<u>\$ 12,874,637</u>

City of Bloomingdale, Georgia

Governmental Funds

Balance Sheet

June 30, 2014

	General	SPLOST 2008 - 2014	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 340,630	\$ 113,957	\$ 192,783	\$ 647,370
Investments.....	646,275	-	-	646,275
Receivables (net of allowance).....	417,606	97,828	-	515,434
Due from other funds.....	-	5,314	-	5,314
Inventories.....	31,177	-	-	31,177
Restricted cash and cash equivalents:				
Customer deposits.....	9,550	-	-	9,550
Total assets.....	<u>\$ 1,445,238</u>	<u>\$ 217,099</u>	<u>\$ 192,783</u>	<u>\$ 1,855,120</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 60,294	\$ -	\$ 5,625	\$ 65,919
Accrued liabilities.....	28,889	-	-	28,889
Due to other funds.....	41,314	-	4,734	46,048
Payable from restricted assets:				
Customer deposits.....	9,550	-	-	9,550
Total liabilities.....	140,047	-	10,359	150,406
Deferred inflows of resources:				
Unavailable revenue.....	246,725	-	-	246,725
Total liabilities and deferred inflows of resources.....	<u>386,772</u>	<u>-</u>	<u>10,359</u>	<u>397,131</u>
Fund balances:				
Nonspendable:				
Inventories.....	31,177	-	-	31,177
Restricted for:				
Public safety.....	-	-	1,997	1,997
Capital projects.....	-	217,099	176,536	393,635
Assigned to:				
Public safety.....	-	-	3,891	3,891
Unassigned.....	1,027,289	-	-	1,027,289
Total fund balances.....	<u>1,058,466</u>	<u>217,099</u>	<u>182,424</u>	<u>1,457,989</u>
Total liabilities and fund balances.....	<u>\$ 1,445,238</u>	<u>\$ 217,099</u>	<u>\$ 192,783</u>	<u>\$ 1,855,120</u>

City of Bloomingdale, Georgia

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2014

Total Governmental Fund Balances.....	\$ 1,457,989
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension assets are not current financial resources and therefore are not reported on the governmental funds balance sheet.....	542,982
Capital assets used in governmental activities are not current financial resources and therefore are not reported on the governmental funds balance sheet (net of accumulated depreciation of \$2,378,654).....	7,220,133
Other long-term assets are not available to pay for current period expenditures and therefore are deferred on the governmental funds balance sheet.....	246,725
Long-term and related liabilities are not due and payable in the current period and therefore are not reported on the governmental funds balance sheet.....	(438,554)
Net Position of Governmental Activities.....	<u><u>\$ 9,029,275</u></u>

City of Bloomingdale, Georgia

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2014

	General	SPLOST 2008 - 2014	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes.....	\$ 1,258,042	\$ -	\$ -	\$ 1,258,042
Licenses and permits.....	6,858	-	-	6,858
Intergovernmental.....	88,300	552,163	11,709	652,172
Charges for services.....	612,380	-	-	612,380
Fines and forfeitures.....	778,066	-	1,250	779,316
Investment earnings.....	115	-	-	115
Contributions and donations.....	877	-	7,461	8,338
Miscellaneous.....	103,634	-	-	103,634
Total revenues.....	<u>2,848,272</u>	<u>552,163</u>	<u>20,420</u>	<u>3,420,855</u>
EXPENDITURES				
Current				
General government.....	505,901	-	-	505,901
Judicial.....	43,184	-	-	43,184
Public safety.....	1,495,515	-	2,095	1,497,610
Public works.....	797,415	-	-	797,415
Culture and recreation.....	156,451	-	-	156,451
Housing and development.....	14,165	-	-	14,165
Capital Outlay.....	-	267,224	193,621	460,845
Debt Service				
Principal.....	-	34,581	-	34,581
Interest.....	-	9,179	-	9,179
Total expenditures.....	<u>3,012,631</u>	<u>310,984</u>	<u>195,716</u>	<u>3,519,331</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(164,359)</u>	<u>241,179</u>	<u>(175,296)</u>	<u>(98,476)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in.....	-	-	155,669	155,669
Transfers out.....	-	(155,669)	-	(155,669)
Proceeds from capital lease.....	115,000	-	-	115,000
Sale of surplus property.....	12,497	-	-	12,497
Total other financing sources (uses).....	<u>127,497</u>	<u>(155,669)</u>	<u>155,669</u>	<u>127,497</u>
Net Changes in fund balances.....	<u>(36,862)</u>	<u>85,510</u>	<u>(19,627)</u>	<u>29,021</u>
Fund balances at beginning of year.....	<u>1,095,328</u>	<u>131,589</u>	<u>202,051</u>	<u>1,428,968</u>
Fund balances at end of year.....	<u>\$ 1,058,466</u>	<u>\$ 217,099</u>	<u>\$ 182,424</u>	<u>\$ 1,457,989</u>

City of Bloomingdale, Georgia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2014

Net change in Fund Balances - Total Governmental Funds.....	\$	29,021
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Amounts reported for governmental activities in the
statement of activities are different because:

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 as depreciation expense. This is the amount by which capital
outlays exceeded depreciation in the current period:

Capital outlays.....	\$	479,930	
Depreciation expense.....		<u>(474,586)</u>	5,344

Because some revenues will not be collected for several months after the City's
fiscal year end, they are not considered "available" revenues and are deferred in
the governmental funds. Deferred inflows of resources increased (decreased) by this
amount this year:

Fines and forfeitures	33,647
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Governmental funds report debt service as expenditures. However, in the statement
of activities, long-term debt is recognized as a liability.

	34,581
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Governmental funds report debt proceeds as current financial resources. However
in the statement of activities, the issuance of debt is recognized as a liability.....

	(115,000)
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Some expenses 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:

Compensated absences.....	(17,409)
Net pension asset.....	<u>(5,619)</u>

Change in Net Position of Governmental Activities.....	\$	<u><u>(35,435)</u></u>
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City of Bloomingdale, Georgia

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes.....	\$ 1,152,078	\$ 1,208,537	\$ 1,258,042	\$ 49,505
Licenses and permits.....	6,050	8,517	6,858	(1,659)
Intergovernmental revenues.....	56,000	89,467	88,300	(1,167)
Charges for services.....	496,252	603,324	612,380	9,056
Fines and forfeitures.....	712,500	712,500	778,066	65,566
Investment income.....	500	500	115	(385)
Contributions and donations.....	-	-	877	877
Miscellaneous.....	95,815	97,500	103,631	6,131
Total revenues.....	<u>2,519,195</u>	<u>2,720,345</u>	<u>2,848,269</u>	<u>127,924</u>
EXPENDITURES				
Current operating:				
General government				
Mayor and Council.....	13,800	13,800	12,300	1,500
Administration.....	462,320	481,080	493,601	(12,521)
Judicial				
Municipal Court	41,360	41,360	43,184	(1,824)
Public safety				
Police.....	1,104,779	1,137,279	1,187,111	(49,832)
Fire.....	184,210	190,760	308,404	(117,644)
Public works				
Public maintenance.....	770,655	809,822	797,415	12,407
Culture and recreation				
Recreation.....	130,423	138,023	156,451	(18,428)
Housing and development				
Building and zoning.....	8,000	10,365	14,165	(3,800)
Total expenditures.....	<u>2,715,547</u>	<u>2,822,489</u>	<u>3,012,631</u>	<u>(190,142)</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(196,352)</u>	<u>(102,144)</u>	<u>(164,362)</u>	<u>(62,218)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease.....	-	-	115,000	115,000
Sale of surplus property.....	20,000	20,000	12,497	(7,503)
Total other financing sources (uses).....	<u>20,000</u>	<u>20,000</u>	<u>127,497</u>	<u>107,497</u>
Net change in fund balance.....	(176,352)	(82,144)	(36,865)	45,279
Fund balance, beginning of year.....	1,095,331	1,095,331	1,095,331	-
Fund balance, end of year.....	<u>\$ 918,979</u>	<u>\$ 1,013,187</u>	<u>\$ 1,058,466</u>	<u>\$ 45,279</u>

City of Bloomingdale, Georgia

Proprietary Funds Statement of Net Position June 30, 2014

	Business-type Activities
ASSETS	
Current assets:	
Cash and cash equivalents.....	\$ 485,412
Investments.....	234,345
Receivables (net of allowance).....	50,502
Due from other funds.....	40,734
Restricted cash and cash equivalents:	
Customer deposits	32,001
Total current assets.....	<u>842,994</u>
Noncurrent Assets:	
Capital assets:	
Land, improvements, and construction in progress.....	59,335
Other capital assets, net of depreciation.....	<u>1,771,636</u>
Total capital assets (net of accumulated depreciation).....	1,830,971
Other noncurrent assets:	
Unamortized costs: treatment plant.....	<u>1,224,032</u>
Total noncurrent assets.....	<u>3,055,003</u>
Total assets.....	<u>3,897,997</u>
LIABILITIES	
Current liabilities:	
Accounts payables.....	10,439
Accrued payables.....	2,363
Compensated absence.....	3,524
Payable from restricted assets:	
Customer deposits payable.....	<u>32,001</u>
Total current liabilities.....	48,327
Noncurrent liabilities:	
Compensated absence.....	<u>4,308</u>
Total liabilities.....	<u>52,635</u>
NET POSITION	
Investment in capital assets.....	1,830,971
Unrestricted.....	<u>2,014,391</u>
Total net position.....	<u>\$ 3,845,362</u>

City of Bloomingdale, Georgia

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2014

	Business-type Activities
OPERATING REVENUES	
Charges for services:	
Water charges.....	\$ 189,954
Sewer Charges.....	296,169
Other income.....	36,616
Total operating revenues.....	522,739
OPERATING EXPENSES	
<u>Water</u>	
Personnel services.....	94,641
Purchased and contracted services.....	34,024
Materials and supplies.....	29,053
Interfund charges.....	87,288
Depreciation.....	25,415
Total operating expenses - water.....	270,421
<u>Sewer</u>	
Personnel services.....	48,923
Purchased and contracted services.....	83,270
Materials and supplies.....	105,764
Interfund charges.....	77,160
Depreciation.....	68,536
Amortization.....	33,663
Total operating expenses - sewer.....	417,316
Total operating expenses.....	687,737
Operating income (loss).....	(164,998)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings.....	62
Total nonoperating revenues (expenses).....	62
Income before capital contributions.....	(164,936)
Capital contributions - connection fees.....	6,270
Change in net position.....	(158,666)
Net position, beginning of year.....	4,004,028
Net position, end of year.....	\$ 3,845,362

City of Bloomingdale, Georgia

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2014

	Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers.....	\$ 548,207
Cash payments to suppliers for goods and services.....	(405,602)
Cash payments to employees for services.....	(142,195)
Net cash provided (used) by operating activities.....	<u>410</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund borrowing (repayments).....	(225,507)
Net cash provided (used) by noncapital financing activities.....	<u>(225,507)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions - connection fees.....	6,270
Acquisitions and construction of capital assets.....	(35,880)
Net cash provided (used) by capital and related financing activities.....	<u>(29,610)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on cash and investments.....	62
Purchase of investments.....	(234,345)
Net cash provided (used) by investing activities.....	<u>(234,283)</u>
Net increase (decrease) in cash and cash equivalents.....	(488,990)
Cash and cash equivalents, beginning of year.....	1,006,403
Cash and cash equivalents, end of year.....	<u><u>\$ 517,413</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss).....	<u>\$ (164,998)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization.....	127,614
Change in assets and liabilities:	
Decrease (increase) in accounts receivables.....	24,517
(Decrease) Increase in accounts payable.....	10,957
(Decrease) Increase in compensated absence.....	1,369
(Decrease) increase in customer deposits.....	951
Total adjustments.....	<u>165,408</u>
Net cash provided (used) by operating activities.....	<u><u>\$ 410</u></u>

City of Bloomingdale, Georgia

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2014

	Employees' Retirement Program Pension Trust Fund
ASSETS	
Cash and cash equivalents.....	\$ 327,530
Investments, at fair value:	
Stocks and options.....	724,744
Fixed income securities.....	269,019
	<hr/>
Total assets.....	<u>\$ 1,321,293</u>
NET POSITION	
Held in trust for pension benefits (see Schedule of Funding Progress on page 30).....	<u>\$ 1,321,293</u>

City of Bloomingdale, Georgia

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2014

	Employees' Retirement Program Pension Trust Fund
	<hr/>
Additions	
Contributions:	
Employer (including life insurance premiums).....	\$ 104,770
Total contributions.....	<hr/> 104,770 <hr/>
Investment earnings:	
Investment earnings.....	165,889
Net investment earnings.....	<hr/> 165,889 <hr/>
Total additions.....	<hr/> 270,659 <hr/>
Deductions	
Benefits paid to plan participants.....	23,198
Administrative expense.....	11,635
Total deductions.....	<hr/> 34,833 <hr/>
Net increase (decrease) for the year in plan net position.....	235,826
Net position - beginning.....	<hr/> 1,085,467 <hr/>
Net position - ending.....	<hr/> \$ 1,321,293 <hr/>

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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. All fiduciary activities are reported only in the fund financial statements. *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.

B. Reporting Entity

The City of Bloomingdale, Georgia (government) is a municipal corporation governed by an elected mayor and six-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Currently, the City has no blended component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Currently, the City has no discretely presented component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The government participates in the following joint venture:

Coastal Regional Commission – Under Georgia law, the City, in conjunction with other governments in the region, is a member of the Coastal Regional Commission (RC) is required to pay annual dues thereto. During its year ended June 30, 2014, the City paid \$2,713 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of an RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Management believes that the RC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from: Coastal Regional Commission, P.O. Box 1917, Brunswick, Georgia 31521

D. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while the business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

E. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the City, except for those required to be accounted for in another fund.
- The *Special Purpose Local Option Sales Tax (SPLOST) 2008 - 2014 capital projects fund* accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital facilities approved in the City's intergovernmental agreement with Chatham County, Georgia, specifically for the 2008 – 2014 referendum.

The City reports the following major proprietary fund:

- The *water and sewer enterprise fund* operates the sewage treatment plant, sewage pumping stations and collection systems, and the distribution of water. The operations of this fund are financed and operated in a manner similar to private business.

Additionally, the City reports the following fund types:

- *Special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes.
- *Pension trust fund* is used to account for the accumulation of resources for pension benefit payments to qualified employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e. enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

F. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty (30) days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as, expenditures related to compensated absences and claims and judgments, are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise fees, sanitation fees, and interest associated with the current fiscal period are susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period (within 30 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

G. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

The City's cash and cash equivalents consists of cash on hand and on deposit with financial institutions. For purposes of reporting cash on the statement of net position, the City considers all unrestricted highly liquid investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

State statutes authorize the City to invest in obligations of or obligations guaranteed by the U.S. Government and agencies or corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia.

All investments are reported at fair value, which is based on quoted market prices.

2. Receivables and payables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise fees, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements. Accounts receivable comprise the majority of proprietary fund receivables. Trade receivables are shown net of an allowance for uncollectibles.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Restricted assets*

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash and cash equivalents set aside for repayment of deposits to utility customers.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. The City is only reporting general infrastructure assets and related depreciation expense on general infrastructure assets prospectively, that is general infrastructure assets acquired prior to July 1, 2003 and are not reported in the basic financial statements.

All capital assets, including infrastructure assets, are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity of efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and system.....	50
Improvements other than buildings.....	20
Machinery and equipment.....	5 - 30
Vehicles.....	6
Infrastructure.....	10 - 65

6. *Compensated absences*

Employees earn vacation leave at the rate of six days per year for the first year of service up to a maximum of twenty-five days per year after five years of service. A maximum of twenty days may be carried over into an employee's next service year. Any unused, accrued vacation leave in excess of twenty days from service year to service year will be forfeited. Employees resigning voluntarily and in good standing will be paid for earned but unused vacation leave. All vacation leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees accrue personal leave at the rate of four hours per month to a maximum of forty-eight hours per year. Employees are allowed to carry eighty to one hundred and sixty hours personal leave based on year of services. An employee who resigns or is discharged from city service will not be paid for any unused personal leave. The City does not record a liability for vested personal leave benefits. Expenses are recognized in the financial statements at the time of payment.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

7. *Long-term obligations*

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *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.

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 the acquisition of net position that applies to a future period(s) as so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which 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 two sources: property taxes and franchise fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. *Equity classifications*

Equity is classified as net position and displayed in three components in the government-wide financial statements and in the proprietary fund type in the fund financial statements.

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The *nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the city council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance reflects the amounts constrained by the city’s “intent” to be used for specific purposes, but are neither restricted nor committed. The city’s fund balance policy provides city council the authority to assign amount to be used for specific purposes. The authority for assigned fund balance may be delegated to some other body or official other than city council. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

10. *Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted net position* and *unrestricted net position* in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

11. *Fund balance flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. *Use of estimates*

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

H. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenue.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

2. *Proprietary funds operating and nonoperating revenues and expenses*

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

All governmental fund budgets are prepared on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The City Council may transfer funds from one object or purpose to another within the same department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Council may amend the budget by motion during the fiscal year.

Budget appropriations presented in this report include all legally adopted appropriations as amended during the fiscal year. For the year ended June 30, 2014, supplemental increases in appropriations were \$106,942 in the General Fund. There were no increases in Forfeited Account fund appropriations.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following funds and departments (the legal level of budgetary control):

General Fund:		
Administration	\$	12,521
Municipal Court		1,824
Police		49,832
Fire		117,644
Recreation		18,428
Building and zoning		3,800
Forfeiture Account Fund	\$	25
Fire Department Fund	\$	2,070

These over expenditures were funded by a combination of increased revenues, proceeds from capital leases, and fund balance.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2014, the City had the following investments and maturities:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 3	4 - 5	Greater than 5
General Fund						
Cerificates of deposit.....	N/A	\$ 880,620	\$ 880,620	\$ -	\$ -	\$ -
Pension Trust Fund						
Stocks and options.....		724,744	724,744	-	-	-
Corporate bonds						
Various.....	AA+	20,587	20,587	-	-	-
Various.....	AA	20,486	20,486	-	-	-
Various.....	A+	21,431	-	21,431	-	-
Various.....	A-	75,541	-	51,610	-	23,931
Various.....	BBB+	64,300	-	64,300	-	-
Various.....	BBB	28,904	-	21,956	-	6,948
Various.....	BBB-	37,770	-	-	37,770	-
		\$ 1,874,383	\$ 1,646,437	\$ 159,297	\$ 37,770	\$ 30,879

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 rates.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. State law governs the investment of retirement funds (O.C.G.A. 47-20-84) and limits investments to maximum concentrations by investment category (at cost). The City has no formal investment policy that would further limit its investment choices.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days, a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged, shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of depository insurance. The City has no custodial credit risk policy that would require additional collateral requirements. At year-end the carrying amount of the City's deposits was \$2,382,483 and the bank balance was \$2,383,007. As of June 30, 2014 the entire bank balance was insured and collateralized with securities held by the government or its agent in the City's name.

Reconciliation to the basic financial statements:

Statement of Net Position

Cash and cash equivalents.....	\$ 1,132,782
Certificates of deposits included in investments.....	880,620
Restricted cash and cash equivalents.....	41,551

Fiduciary Funds

Cash and cash equivalents.....	327,530
Total cash and cash equivalents.....	<u>\$ 2,382,483</u>

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

B. Receivables

Receivables as of year-end for the City's individual major funds and non-major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST 2008 - 2014	Water and Sewer Fund	Total
Receivables:				
Accounts.....	\$ 106,357	\$ -	\$ 57,929	\$ 164,286
Intergovernmental.....	75,932	97,828	-	173,760
Franchise taxes.....	52,500	-	-	52,500
Fines and forfeitures.....	194,225	-	-	194,225
Gross receivables.....	429,014	97,828	57,929	584,771
Less: allowance for uncollectibles.....	(11,408)	-	(7,427)	(18,835)
Net total receivables.....	<u>\$ 417,606</u>	<u>\$ 97,828</u>	<u>\$ 50,502</u>	<u>\$ 565,936</u>

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land.....	\$ 1,163,628	\$ -	\$ -	\$ -	\$ 1,163,628
Construction in progress.....	1,795,746	210,683	-	(1,533,541)	472,888
Total capital assets, not being depreciated.....	<u>2,959,374</u>	<u>210,683</u>	<u>-</u>	<u>(1,533,541)</u>	<u>1,636,516</u>
Capital assets, being depreciated					
Buildings.....	1,825,837	-	-	-	1,825,837
Improvements other than buildings.....	651,424	-	-	-	651,424
Machinery and equipment.....	701,620	169,704	53,357	-	817,967
Vehicles.....	806,864	99,543	38,066	-	868,341
Infrastructure.....	2,265,161	-	-	1,533,541	3,798,702
Total capital assets, being depreciated.....	<u>6,250,906</u>	<u>269,247</u>	<u>91,423</u>	<u>1,533,541</u>	<u>7,962,271</u>
Less accumulated depreciation for:					
Buildings.....	(346,299)	(50,882)	-	-	(397,181)
Improvements other than buildings.....	(156,815)	(38,959)	-	-	(195,774)
Machinery and equipment.....	(435,754)	(106,089)	(53,357)	-	(488,486)
Vehicles.....	(524,919)	(88,782)	(38,066)	-	(575,635)
Infrastructure.....	(531,704)	(189,874)	-	-	(721,578)
Total accumulated depreciation.....	<u>(1,995,491)</u>	<u>(474,586)</u>	<u>(91,423)</u>	<u>-</u>	<u>(2,378,654)</u>
Total capital assets, being depreciated, net.....	<u>4,255,415</u>	<u>(205,339)</u>	<u>-</u>	<u>1,533,541</u>	<u>5,583,617</u>
Governmental activities capital assets, net.....	<u>\$ 7,214,789</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,220,133</u>

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

Depreciation expense was charged to functions / programs of the governmental activities as follows:

Governmental activities

General government.....	\$ 53,263
Public safety.....	158,023
Public works.....	215,703
Culture and recreation.....	47,597
Total depreciation expense.....	<u>\$ 474,586</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated					
Land.....	\$ 59,335	\$ -	\$ -	\$ -	\$ 59,335
Total capital assets, not being depreciated.....	<u>59,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,335</u>
Capital assets, being depreciated					
Buildings and system.....	3,683,988	35,880	-	-	3,719,868
Machinery and equipment.....	212,231	-	-	-	212,231
Vehicles.....	69,400	-	-	-	69,400
Total capital assets, being depreciated.....	<u>3,965,619</u>	<u>35,880</u>	<u>-</u>	<u>-</u>	<u>4,001,499</u>
Less accumulated depreciation for:					
Buildings and system.....	(1,931,942)	(77,205)	-	-	(2,009,147)
Machinery and equipment.....	(167,046)	(10,251)	-	-	(177,297)
Vehicles.....	(36,924)	(6,495)	-	-	(43,419)
Total accumulated depreciation.....	<u>(2,135,912)</u>	<u>(93,951)</u>	<u>-</u>	<u>-</u>	<u>(2,229,863)</u>
Total capital assets, being depreciated, net.....	<u>1,829,707</u>	<u>(58,071)</u>	<u>-</u>	<u>-</u>	<u>1,771,636</u>
Business-type activities capital assets, net.....	<u>\$ 1,889,042</u>	<u>\$ (58,071)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,971</u>

Wastewater Treatment Plant Costs

The City entered into an agreement with the City of Pooler, Georgia in 1998 to defray a portion of the capital costs associated with certain improvements to the Pooler wastewater treatment plant facility. In return, the City would be permitted to connect and discharge raw sewage to the facility. The term of the agreement is for fifty years terminating on June 30, 2048. At June 30, 2014, contributions totaled \$1,224,032, net of accumulated amortization of \$459,115. Amortization expense for fiscal year 2014 was \$33,663.

D. Interfund Receivables, Payables, and Transfers

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

Due from / to other funds:

Receivable Fund	Payable Fund	Amount
SPLOST 2008-2014	General Fund	\$ 580
SPLOST 2008-2014	SPLOST Drainage	4,734
Water and Sewer Fund	General Fund	40,734
Total.....		<u>\$ 46,048</u>

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The City expects to pay all interfund balances within one year.

Transfer from	Transfer to	Amount
SPLOST 2008-2014	SPLOST Drainage Project	\$ 132,759
SPLOST 2008-2014	Greenspace	22,910
Total.....		<u>\$ 155,669</u>

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Deferred Inflows of Resources

Deferred inflows of resources are reported in the governmental funds to offset receivables that do not meet the availability criterion under the modified accrual basis of accounting. At the June 30, 20014, deferred inflows of resources reported in governmental funds represented unavailable franchise tax revenues of \$52,500 and fine and forfeiture revenues of \$194,225.

F. Capital Lease

On August 26, 2013, the City entered into a capital lease agreement with Community First National Bank for the purpose of purchasing SCBA gear for the fire department. The lease calls for principal payments totaling \$115,000 with interest at 3.39% commencing in fiscal year 2015. The required annual payment is \$25,391, including principal and interest, for a period of five years. The outstanding balance of the capital least as of June 30, 2014 was \$115,000. Principal and interest payments are as follows:

	Fiscal Year Ending June 30,	Required Payment
	2015	\$ 25,391
	2016	25,391
	2017	25,391
	2018	25,391
	2019	25,391
Total minimum lease payments.....		<u>126,955</u>
Less: amount representing interest.....		<u>(11,955)</u>
Present value of future minimum lease payments.....		<u>\$ 115,000</u>

For the year ended June 30, 2014, depreciation expense recorded on leased assets was \$23,000. At June 30, 2014, the net book value of assets under capital lease was as follows:

Machinery and equipment.....	\$ 115,000
Accumulated depreciation.....	(23,000)
Book value.....	<u>\$ 92,000</u>

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

G. Long-term Debt

Note Payable

On October 21, 2010 the City executed an agreement with Branch Banking and Trust (BB&T) for the purpose of purchasing land located at 5 Adams Road. The loan amount is \$370,000 and has an interest rate of 3.43%. The monthly payment is \$4,907 for a period of ten years. The balance of the loan as of June 30, 2014, was \$248,791.

Total Debt Service Requirements - Note Payable			
Fiscal Year			
Ending	Principal	Interest	Total
2015	\$ 35,785	\$ 7,975	\$ 43,760
2016	37,032	6,728	43,760
2017	38,323	5,437	43,760
2018	39,658	4,102	43,760
2019	41,040	2,720	43,760
2020 - 2021	56,953	1,394	58,347
Totals.....	<u>\$ 248,791</u>	<u>\$ 28,356</u>	<u>\$ 277,147</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
Note payable.....	\$ 283,372	\$ -	\$ 34,581	\$ 248,791	\$ 35,785
Capital lease payable.....	-	115,000	-	115,000	21,493
Compensated absences.....	57,354	63,791	46,382	74,763	33,643
Total governmental activities....	<u>\$ 340,726</u>	<u>\$ 178,791</u>	<u>\$ 80,963</u>	<u>\$ 438,554</u>	<u>\$ 90,921</u>
Business-type activities:					
Compensated absences.....	\$ 6,463	\$ 7,213	\$ 5,844	\$ 7,832	3,524
Total business-type activities....	<u>\$ 6,463</u>	<u>\$ 7,213</u>	<u>\$ 5,844</u>	<u>\$ 7,832</u>	<u>\$ 3,524</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

H. Fund Balance Classifications

Amounts for specific purposes by fund and fund classifications for the year ended June 30, 2014 are as follows:

Classification/ Fund	Purpose	Amount
Nonspendable		
General Fund	Inventories	\$ 31,177
Restricted		
Forfeiture Account Fund	U.S. Department of Justice	1,997
SPLOST Drainage Projects	Drainage projects	91,520
SPLOST 2008-2014	Capital outlay projects	217,099
Capital Projects - Green Space Projects	Green space capital projects	85,016
Assigned		
Fire Department Fund	Fire department operations	3,891
Unassigned		
General Fund		1,027,289
	Total Fund Balance.....	<u>\$ 1,457,989</u>

NOTE 4 – OTHER INFORMATION

A. Employee Retirement Plan

The City of Bloomingdale administers a defined benefit pension plan. The plan assets shall be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan.

1. Summary of Significant Accounting Policies

Basis of accounting - The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method used to value investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

2. Plan Description and Contribution Information

Plan administration - The City of Bloomingdale Defined Benefit Plan and Trust (the Plan) is a single-employer defined benefit pension plan covering all full-time employees, elected officials, and appointed positions who have attained age 21 and completed one year of service. The Plan provides retirement, disability, death and termination benefits to plan members and beneficiaries. The Plan is administered by the City's Pension Board.

The City administers the Plan and the City's responsibility includes pension disbursements and general administration of the Plan under the authority of the Pension Board. The Pension Board has contracted with Wells Fargo Advisors to act as custodian of the assets of the Plan. The accounting and financial reporting functions are performed by the City's finance department. The City's General Fund bears most of the Plan's administrative costs. The Plan's audited financial statement is included in the City's annual financial

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

report as a Pension Trust Fund. The Plan does not issue a stand-alone financial report. The City has the authority to amend and/or terminate the Plan at any time. The Plan is actuarially evaluated every year.

Membership of the plan consisted of the following as of July 1, 2014, the date of the latest actuarial valuation:

Plan participation table

Active plan members.....	35
Inactive plan members entitled to but not yet receiving benefits.....	5
Total.....	<u>40</u>

Benefits provided – The Plan provides retirement benefits for its members. Benefits vest after five (5) years of service. Normal retirement benefits for general plan members are calculated as one percent (1%) of the average monthly compensation multiplied by the number of years of service, plus three and three-quarters of one percent (0.375%) of average monthly compensation in excess of \$833.33, multiplied by the number of years of service, up to a maximum of thirty-five (35) years. Average monthly compensation is the quotient of the total compensation of a participant during the sixty (60) consecutive calendar month period of service of highest compensation.

For years of service rendered as an elected official or appointed position, the benefit shall be ten dollars (\$10) per month for each year of service earned as an elected official or appointed position prior to January 1, 2014, plus thirty dollars (\$30) per month for each year of service earned as an elected official or appointed position after December 31, 2013.

Normal retirement age is the later of attainment of age sixty-two (62) or the fifth (5th) anniversary of plan participation, or if earlier, attainment of age fifty-seven (57) and twenty-five (25) years of service. Employees who have attained age fifty-five (55) with ten (10) or more years of service have the option for early retirement benefits. The plan also provides for disability and termination benefits.

Contributions - The City is required to contribute at an actuarially determined rate; the current rate is 9.39 percent (9.39%) of annual covered payroll. The City contributes such additional amounts as are necessary, based on actuarial valuations, to provide the plan with sufficient assets to meet future benefit payments. In 2014, the City contributed \$104,770 (8.39% of covered payroll). Employees do not contribute to the Plan. Total payroll for employees covered under the Plan for the year ended June 30, 2014 was \$1.25 million.

3. Investments

Investment policy – The primary investment policy of the Plan is the preservation of invested capital. The secondary objective is to achieve moderate long-term real growth of the assets while minimizing the volatility of the returns. The Pension Board seeks to create a conservative, well diversified and balanced portfolio of high quality equity, fixed income and money market securities. The Board has determined that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines. The following is the Board's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation	Actual Allocation
Fixed income.....	40.0%	20.0%
Domestic equity.....	60.0%	55.0%
Cash & equivalents.....	0.0%	25.0%
Total.....	<u>100.0%</u>	<u>100.0%</u>

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

Rate of return – For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.88%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

4. Net Pension Liability of the City

Net components of the net pension liability of the City at June 30, 2014, were as follows:

Total pension liability.....	\$ 1,422,860
Fiduciary net position.....	1,321,294
Total.....	<u>\$ 101,566</u>
Ratio of fiduciary net position to total pension liability.....	<u>92.86%</u>

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation.....	3.00%
Salary increases.....	4.50%
Investment rate of return.....	8.00%
Mortality - post-retirement.....	1994 Group Annuity Reserving Table, projected to 2002
Mortality - permanent withdrawal from active status.....	T-5 Table in the Actuary's Pension Handbook
Actuarial cost method.....	Entry age normal
Amortization method.....	Closed level percentage of projected payroll over 15 years

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the last actuarial experience study dated February 19, 2015. The actuarial valuation date upon which the total pension liability is based is July 1, 2014. The result was rolled forward using standard actuarial techniques to the measurement date.

Long-term expected rate of return –

Asset Class	Long-term Expected Rate of Return
Fixed income.....	5.25%
Domestic equity.....	9.00%

Discount rate – The discount rate used to measure the total pension liability was 7.5 percent. The discount rate determination does not use a municipal bond rate.

Projected cash flows – The projection of cash flows used to determine the discount rate assumed the City would contribute 9.39 percent of projected compensation over the 15 year amortization period of the unfunded actuarial accrued liability. At the end of the 15 year period, the City will only contribute the normal cost of the remaining actives in the Plan.

Periods of projected benefit payments – Projected future benefit payments for all current plan members were projected through 2098.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

Sensitivity analysis – The following presents the net pension liability of the Plan, calculated using the discount rate of percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 – percentage-point lower or 1 – percentage-point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Plan's net pension liability.....	<u>\$ 215,258</u>	<u>\$ 101,566</u>	<u>\$ 1,481</u>

5. Annual Pension Cost and Net Pension Obligation (Asset)

The City's annual pension cost and net pension obligation (asset) for the current year were as follows:

Annual required contribution.....	\$ 110,060
Interest on net pension obligation.....	(43,888)
Adjustment to annual required contribution.....	44,217
Annual pension cost.....	110,389
Contribution made (net of insurance premiums).....	(104,770)
Increase (decrease) in net pension obligation.....	5,619
Net pension obligation (asset), beginning of year.....	(548,601)
Net pension obligation (asset), end of year.....	<u>\$ (542,982)</u>

6. Three Year Trend Information

Data relating to the Plan for the past three years is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2012	\$ 96,764	86%	\$ (535,980)
2013	100,343	113%	(548,601)
2014	110,389	95%	(542,982)

7. Funded Status and Funding Progress

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll</u>
July 1, 2013	\$ 1,085,467	\$ 1,248,322	\$162,855	87.0%	\$ 1,128,481	14.4%

The schedule of employer funding progress, schedule of employer contributions, and schedule of investment returns is presented as required supplementary information following the notes to the financial statements.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2014

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is required to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigations, settlement discussions, and all levels of litigation arising out of any claim against the City within the scope of loss protection furnished by the funds.

The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

C. Commitments and Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under the terms of the grant. Based on prior year experiences, the City believes such disallowances, if any, will be immaterial.

D. Subsequent Events

On July 17, 2014, the City entered into a capital lease agreement to purchase new water meters and related software and reading equipment. The lease calls for total principal payments of \$407,000 with interest at 3.108%. The lease is amortized over eighty-four months with monthly principal and interest payments of \$5,401 commencing September 2014. The debt will be liquidated by proceeds from the SPLOST referendum.

City of Bloomingdale, Georgia

Required Supplementary Information – Pension Schedules

June 30, 2014

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

		City of Bloomingdale Defined Benefit Pension Plan & Trust
Actuarial valuation date.....		July 1, 2013
Actuarial cost method.....		Entry age normal
Amortization method.....		Level percentage of compensation, closed
Remaining amortization period.....		15 years
Asset valuation method.....		Market value including accruals
Actuarial assumptions:		
Investment rate of return.....		8.0% per annum
Projected salary increases.....		4.5% per annum
Inflation rate.....		3.0% per annum

Schedule of Funding Progress 2004 - 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UALL as a Percentage of Covered Payroll
7/1/2004	\$ 462,019	\$ 604,716	\$ 142,697	76.4 %	\$ 568,928	25.1 %
7/1/2005	544,532	673,112	128,580	80.9	556,634	23.1
7/1/2006	606,602	671,058	64,456	90.4	808,449	8.0
7/1/2007	700,669	713,359	12,690	98.2	776,661	1.6
7/1/2008	727,910	847,279	119,369	85.9	987,404	12.1
7/1/2009	775,272	936,116	160,844	82.8	935,786	17.2
7/1/2010	878,735	1,079,975	201,240	81.4	976,460	20.6
7/1/2011	1,118,672	1,239,953	121,281	90.2	1,011,662	12.0
7/1/2012	982,428	1,086,880	104,452	90.4	1,099,616	9.5
7/1/2013	1,085,467	1,248,322	162,855	87.0	1,128,481	14.4

Schedule of Employer Contributions 2004 - 2014

Year Ended	Annual Contribution	Percentage of Annual Pension Cost Contributed	Year Ended	Annual Contribution	Percentage of Annual Pension Cost Contributed
6/30/2005	\$ 37,372	100%	6/30/2010	\$ 96,658	108%
6/30/2006	49,274	132%	6/30/2011	102,014	104%
6/30/2007	76,139	115%	6/30/2012	83,083	86%
6/30/2008	76,890	128%	6/30/2013	112,964	113%
6/30/2009	117,416	132%	6/30/2014	104,770	95%

Schedule of Investment Returns 2014*

	2013	2014
Annual money-weighted rate of return, net of investment expenses.....	7.30%	14.88%

* This information was not readily available for 10 years.

Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Fire Department Fund* accounts for fund raising efforts by the City's fire department and related expenditure of those funds.

The *Forfeiture Account Fund* accounts for forfeited assets awarded to the City and the related expenditures.

Capital Project Funds

The capital projects funds account for the acquisition and construction of major capital facilities other than those financed by other capital project funds and the water and sewer fund.

The *Special Purpose Local Option Sales Tax (SPLOST) Drainage capital projects fund* accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital drainage infrastructure approved in the City's intergovernmental agreement with Chatham County, Georgia.

The *Special Purpose Local Option Sales Tax (SPLOST) 2003 - 2008 capital projects fund* accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital facilities approved in the City's intergovernmental agreement with Chatham County, Georgia, specifically for the 2003- 2008 referendum.

The *Greenspace Project Fund* accounts for greenspace projects financed with special purpose local option sales tax proceeds.

City of Bloomingdale, Georgia

Non-major Governmental Funds

Combining Balance Sheet

June 30, 2014

	Non-major Special Revenue Funds		Non-major Capital Projects Funds			Total Non-major Governmental Funds
	Fire Department	Forfeiture Account Fund	SPLOST Drainage	SPLOST 2003-2008	Green Space Projects	
ASSETS						
Cash and cash equivalents.....	\$ 3,891	\$ 1,997	\$ 96,254	\$ -	\$ 90,641	\$ 192,783
Total assets.....	<u>3,891</u>	<u>1,997</u>	<u>96,254</u>	<u>-</u>	<u>90,641</u>	<u>192,783</u>
FUND BALANCES						
Liabilities:						
Accounts payable.....	-	-	-	-	5,625	5,625
Due to other funds.....	-	-	4,734	-	-	4,734
Total liabilities.....	<u>-</u>	<u>-</u>	<u>4,734</u>	<u>-</u>	<u>5,625</u>	<u>10,359</u>
Fund balance:						
Restricted for:						
Public safety.....	-	1,997	-	-	-	1,997
Capital projects.....	-	-	91,520	-	85,016	176,536
Assigned to:						
Public safety.....	3,891	-	-	-	-	3,891
Total fund balance.....	<u>3,891</u>	<u>1,997</u>	<u>91,520</u>	<u>-</u>	<u>85,016</u>	<u>182,424</u>
Total liabilities and fund balance.....	<u>\$ 3,891</u>	<u>\$ 1,997</u>	<u>\$ 96,254</u>	<u>\$ -</u>	<u>\$ 90,641</u>	<u>\$ 192,783</u>

City of Bloomingdale, Georgia

Non-major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2014

	Non-major Special Revenue Funds		Non-major Capital Projects Funds			Total Non-major Governmental Funds
	Fire Department	Forfeiture Account Fund	SPLOST Drainage	SPLOST 2003-2008	Green Space Projects	
REVENUES						
Intergovernmental.....	\$ -	\$ -	\$ -	\$ -	\$ 11,709	\$ 11,709
Fines and forfeitures.....	-	1,250	-	-	-	1,250
Contributions and donations.....	5,961	-	-	-	1,500	7,461
Total revenues.....	<u>5,961</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>13,209</u>	<u>20,420</u>
EXPENDITURES						
Current:						
Public safety.....	2,070	25	-	-	-	2,095
Capital outlay.....	-	-	142,208	2,135	49,278	193,621
Total expenditures.....	<u>2,070</u>	<u>25</u>	<u>142,208</u>	<u>2,135</u>	<u>49,278</u>	<u>195,716</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>3,891</u>	<u>1,225</u>	<u>(142,208)</u>	<u>(2,135)</u>	<u>(36,069)</u>	<u>(175,296)</u>
OTHER FINANCING SOURCES						
Transfers in.....	-	-	132,759	-	22,910	155,669
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>132,759</u>	<u>-</u>	<u>22,910</u>	<u>155,669</u>
Net change in fund balance.....	3,891	1,225	(9,449)	(2,135)	(13,159)	(19,627)
Fund balance, beginning of year.....	-	772	100,969	2,135	98,175	202,051
Fund balance, end of year.....	<u>\$ 3,891</u>	<u>\$ 1,997</u>	<u>\$ 91,520</u>	<u>\$ -</u>	<u>\$ 85,016</u>	<u>\$ 182,424</u>

City of Bloomingdale, Georgia

Forfeiture Account Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures.....	\$ -	\$ -	\$ 1,250	\$ 1,250
Total revenues.....	-	-	1,250	1,250
EXPENDITURES				
Current:				
Public safety.....	-	-	25	(25)
Total expenditures.....	-	-	25	(25)
Excess revenues over (under) expenditures.....	-	-	1,225	1,225
Fund balance at beginning of year.....	772	772	772	-
Fund balance at end of year.....	<u>\$ 772</u>	<u>\$ 772</u>	<u>\$ 1,997</u>	<u>\$ 1,225</u>

City of Bloomingdale, Georgia**Fire Department Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual****For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Contributions and donations.....	\$ -	\$ -	\$ 5,961	\$ 5,961
Total revenues.....	-	-	5,961	5,961
EXPENDITURES				
Current:				
Public safety.....	-	-	2,070	(2,070)
Total expenditures.....	-	-	2,070	(2,070)
Excess revenues over (under) expenditures.....	-	-	3,891	3,891
Fund balance at beginning of year.....	-	-	-	-
Fund balance at end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,891</u>	<u>\$ 3,891</u>

City of Bloomingdale, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2014

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current	
2003 Resolution	2,800,000	2,902,165			
City Hall improvements.....	-	-	125,415	-	125,415
Municipal parking lot improvements....	-	-	181,867	-	181,867
Public safety-fire equipment.....	-	-	154,614	-	154,614
Wastewater Treatment Plant.....	-	-	1,217,882	-	1,217,882
Public works facility debt service.....	-	-	43,760	-	43,760
Other capital outlay projects:					
Bloomingdale park and ballfield.....	-	-	162,359	-	162,359
Taylor park.....	-	-	199,387	-	199,387
Office equipment.....	-	-	9,860	-	9,860
Bloomingdale fire station.....	-	-	184,056	-	184,056
Stagecoach road paving.....	-	-	466,893	-	466,893
Land purchase.....	-	-	158,477	-	158,477
History Museum.....	-	-	50,000	-	50,000
Machinery and equipment.....	-	-	282,605	2,135	284,740
Recreation.....	-	-	-	36,069	36,069
Subtotal 2003 Resolution	<u>2,800,000</u>	<u>2,902,165</u>	<u>3,237,175</u>	<u>38,204</u>	<u>3,275,379</u>
2008 Resolution	3,000,000	3,000,000			
General administration equipment.....	-	-	22,235	2,877	25,112
Public safety facility	-	-	747,378	-	747,378
Public safety equipment.....	-	-	76,776	117,481	194,257
Public works:					
Equipment.....	-	-	150,232	51,706	201,938
Facility debt service.....	-	-	-	43,760	43,760
Street resurfacing.....	-	-	-	57,514	57,514
Water meter replacement project.....	-	-	-	205	205
Drainage projects:					
Phase II & III project.....	-	-	83,868	161,402	245,270
Recreation:					
Veterans Monument.....	-	-	50,000	-	50,000
Rails to Trails.....	-	-	-	-	-
Recreation equipment.....	-	-	29,651	18,247	47,898
Water and sewer equipmment.....	-	-	11,539	-	11,539
Subtotal 2008 Resolution	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,171,679</u>	<u>453,192</u>	<u>1,624,871</u>
Totals for all Resolutions	<u>\$ 5,800,000</u>	<u>\$ 5,902,165</u>	<u>\$ 4,408,854</u>	<u>\$ 491,396</u>	<u>\$ 4,900,250</u>

continued

City of Bloomingdale, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2014

Reconciliation of Schedule of Projects Constructed with Special Purpose Sales Tax Proceeds to Expenditures and Net Transfers reported in the Special Purpose Local Option Sales Tax Funds:

Expenditures	
SPLOST Drainage Project Fund.....	\$ 142,208
SPLOST 2003-2008.....	2,135
SPLOST 2008-2014.....	310,984
SPLOST Greenspace Fund (non-major fund).....	49,278
Total expenditures.....	<u>504,605</u>
Other funding sources:	
Grant funding.....	(11,709)
Private contributions and donations.....	<u>(1,500)</u>
Total SPLOST expenditures.....	<u><u>\$ 491,396</u></u>

concluded

Proceeds from the 1998 resolution were exhausted at June 30, 2013 and have been removed from this schedule.



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Bloomingdale, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomingdale, Georgia (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2015.

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 applicable in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be 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.

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 deficiency described in finding 2014-01 in the accompanying schedule of findings and responses to be a material weaknesses and a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2014-02.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were 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 give 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.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
February 6, 2015



Schedule of Findings and Responses

Finding 2014-01

Material Weakness in Internal Control Over Financial Reporting – Reconciliation of General Ledger to Monthly Bank Statements

Criteria: The City's general ledger is the official record of financial transactions.

Condition: Currently, monthly bank statements are reconciled to a manual ledger, but the activity in the manual ledger, nor the bank statement, is reconciled to the City's general ledger.

Effect or Possible Effect: Audit adjustments were required to record transfer of funds between bank accounts and across funds (i.e. to/from the General Fund, to/from the Water and Sewer Fund). An accurate accounting of cash is critical to safeguarding the asset of the City and to ensure all financial activity is recorded in the official records of the City.

Cause: The City currently does not have an adequate monthly close process, whereby the City's financial records are reviewed and reconciled to supporting documentation. This finding is directly related to findings 2014-01 and 2014-03.

Recommendation: Management should implement formal accounting policies which address the monthly close process. All monthly activity should be reconciled to supporting documents including internally produced reports and reports provided by third-parties. If the need for a separate manual ledger for cash is justified, the activity in the manual ledger, general ledger, and bank statements should all be reconciled monthly.

Views of Responsible Officials and Planned Corrective Actions: Management agrees cash should be reconciled monthly to the general ledger of the City. Management will develop and document adequate monthly close procedures and ensure finance personnel adhere to such policies going forward.

Finding 2014-02

Noncompliance Material to the Financial Statements – Budgets not Adopted for all Special Revenue Funds and Expenditures in Excess of Appropriations

Criteria: Title 36, Section 81-1 of the Official Code of Georgia, requires every local government to adopt a balanced operating budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Additionally the Code requires any increase in appropriation at the legal level of control of the local government, be approved by the governing authority by resolution or ordinance.

Condition: The City did not adopt operating budgets for its two special revenue funds (Forfeiture Account Fund and Fire Department Fund) for the fiscal year ended June 30, 2014. Additionally, the city failed to adopt legal appropriations for significant expenditure overruns in various departments of the general fund.

Cause: Both of the special revenue funds were new for fiscal year 2014, therefore they were not included in the original budgeting process which occurred before the start of the fiscal year. Expenditure overruns in the general

fund were caused by a combination of inadequate reconciliation processes and the acquisition of fire department equipment with capital lease proceeds, which was not recorded in the City's general ledger.

Recommendation: Management should implement formal accounting policies which address the monthly close process. All monthly activity should be reconciled to supporting documents including internally produced reports and reports provided by third-parties. Department heads should monitor compliance with the legally adopted budget and should answer to management for all expenditure in excess of appropriations. Monthly financial data provided to management and Commission, should include a comparison to the legally adopted budget. Necessary budget amendments should be approved by Commission on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions: Management currently meets monthly with department heads and the Budget and Finance Committee of the Council to present financial information including budget-to-actual comparisons. Management will implement a policy whereby all future budget overruns addressed in those meetings will be presented to Council for monthly budget amendments as necessary.