

City of Bloomingdale, Georgia

Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomingdale, Georgia, as of June 30, 2013, 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 29 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 is 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 December 23, 2013 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
December 23, 2013

City of Bloomingdale, Georgia
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents.....	\$ 911,141	\$ 975,353	\$ 1,886,494
Investments.....	200,000	-	200,000
Receivables.....	510,759	75,019	585,778
Internal balances.....	184,773	(184,773)	-
Inventories.....	18,770	-	18,770
Restricted cash and cash equivalents:			
Customer deposits.....	8,739	31,050	39,789
Net pension asset.....	548,601	-	548,601
Capital assets			
Land, improvements, and construction in progress.....	2,959,374	59,335	3,018,709
Other capital assets, net of depreciation.....	4,255,415	1,829,707	6,085,122
Other assets.....	-	1,257,695	1,257,695
Total assets.....	<u>9,597,572</u>	<u>4,043,386</u>	<u>13,640,958</u>
LIABILITIES			
Accounts payable.....	160,444	-	160,444
Accrued payables.....	22,953	1,845	24,798
Customer deposits payable.....	8,739	31,050	39,789
Long-term liabilities:			
Due within one year.....	60,390	2,908	63,298
Due in more than one year.....	280,336	3,555	283,891
Total liabilities.....	<u>532,862</u>	<u>39,358</u>	<u>572,220</u>
NET POSITION			
Net investment in capital assets.....	5,944,507	1,890,965	7,835,472
Restricted for			
Capital projects.....	332,868	-	332,868
Public safety.....	772	-	772
Unrestricted.....	2,786,563	2,113,063	4,899,626
Total net position.....	<u>\$ 9,064,710</u>	<u>\$ 4,004,028</u>	<u>\$ 13,068,738</u>

City of Bloomingdale, Georgia
Statement of Activities
For the Year Ended June 30, 2013

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.....	\$ 757,133	\$ 48,647	\$ -	\$ 22,235	\$ (686,251)		\$ (686,251)
Judiciary.....	42,205	-	-	-	(42,205)		(42,205)
Public safety.....	1,476,662	736,072	53,163	297,993	(389,434)		(389,434)
Public works.....	771,015	246,371	-	184,985	(339,659)		(339,659)
Culture and recreation.....	359,730	28,220	9,637	132,460	(189,413)		(189,413)
Housing and development.....	6,642	-	-	-	(6,642)		(6,642)
Interest on long-term debt.....	10,344	-	-	-	(10,344)		(10,344)
Total governmental activities.....	3,423,731	1,059,310	62,800	637,673	(1,663,948)		(1,663,948)
Business-type activities:							
Water and Sewer.....	563,476	519,825	-	3,150	-	\$ (40,501)	(40,501)
Total business-type activities.....	563,476	519,825	-	3,150	-	(40,501)	(40,501)
Total.....	\$ 3,987,207	\$ 1,579,135	\$ 62,800	\$ 640,823	(1,663,948)	(40,501)	(1,704,449)
GENERAL REVENUES							
Taxes:							
Sales taxes for general purposes.....					841,384	-	841,384
Franchise taxes.....					154,137	-	154,137
Business and occupation taxes.....					162,331	-	162,331
Alcoholic beverage taxes.....					13,365	-	13,365
Unrestricted investment earnings.....					414	282	696
Miscellaneous.....					199,738	2,172	201,910
Total general revenues					1,371,369	2,454	1,373,823
Change in net position.....					(292,579)	(38,047)	(330,626)
Net position - beginning.....					9,357,289	4,042,075	13,399,364
Net position - ending.....					\$ 9,064,710	\$ 4,004,028	\$ 13,068,738

The notes to the financial statements are an integral part of this statement.

City of Bloomingdale, Georgia

Governmental Funds

Balance Sheet

June 30, 2013

	General	SPLOST Drainage Project Fund	SPLOST 2003 - 2008	SPLOST 2008 - 2014	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 601,586	\$ 147,373	\$ 2,135	\$ 109,668	\$ 50,379	\$ 911,141
Investments.....	200,000	-	-	-	-	200,000
Receivables (net of allowance).....	416,073	-	-	46,118	48,568	510,759
Due from other funds.....	184,773	24,197	-	-	-	208,970
Inventories.....	18,770	-	-	-	-	18,770
Restricted cash and cash equivalents:						
Customer deposits.....	8,739	-	-	-	-	8,739
Total assets.....	<u>\$ 1,429,941</u>	<u>\$ 171,570</u>	<u>\$ 2,135</u>	<u>\$ 155,786</u>	<u>\$ 98,947</u>	<u>\$ 1,858,379</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 89,843	\$ 70,601	\$ -	\$ -	\$ -	\$ 160,444
Accrued liabilities.....	22,953	-	-	-	-	22,953
Due to other funds.....	-	-	-	24,197	-	24,197
Deferred revenue.....	213,078	-	-	-	-	213,078
Payable from restricted assets:						
Customer deposits.....	8,739	-	-	-	-	8,739
Total liabilities.....	<u>334,613</u>	<u>70,601</u>	<u>-</u>	<u>24,197</u>	<u>-</u>	<u>429,411</u>
Fund balances:						
Nonspendable:						
Inventories.....	18,770	-	-	-	-	18,770
Restricted for:						
Public safety.....	-	-	-	-	772	772
Capital projects.....	-	100,969	2,135	131,589	98,175	332,868
Unassigned.....	1,076,558	-	-	-	-	1,076,558
Total fund balances.....	<u>1,095,328</u>	<u>100,969</u>	<u>2,135</u>	<u>131,589</u>	<u>98,947</u>	<u>1,428,968</u>
Total liabilities and fund balances.....	<u>\$ 1,429,941</u>	<u>\$ 171,570</u>	<u>\$ 2,135</u>	<u>\$ 155,786</u>	<u>\$ 98,947</u>	<u>\$ 1,858,379</u>

City of Bloomingdale, Georgia

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2013

Total Governmental Fund Balances.....	\$ 1,428,968
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.....	548,601
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 \$1,995,491).....	7,214,789
Other long-term assets are not available to pay for current period expenditures and therefore are deferred on the governmental funds balance sheet.....	213,078
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.....	(340,726)
Net Position of Governmental Activities.....	<u>\$ 9,064,710</u>

City of Bloomingdale, Georgia

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	General	SPLOST Drainage Project Fund	SPLOST 2003 - 2008	SPLOST 2008 - 2014	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes.....	\$ 1,184,907	\$ -	\$ -	\$ -	\$ -	\$ 1,184,907
Licenses and permits.....	11,147	-	-	-	-	11,147
Intergovernmental.....	85,313	-	-	555,065	75,000	715,378
Charges for services.....	480,067	-	-	-	-	480,067
Fines and forfeitures.....	573,363	-	-	-	1,061	574,424
Investment earnings.....	414	148	-	-	110	672
Contributions and donations.....	9,637	-	-	-	10,650	20,287
Miscellaneous.....	115,465	-	-	-	-	115,465
Total revenues.....	2,460,313	148	-	555,065	86,821	3,102,347
EXPENDITURES						
Current						
General government.....	530,267	-	-	-	-	530,267
Judicial.....	40,235	-	-	-	-	40,235
Public safety.....	1,285,231	-	-	-	476	1,285,707
Public works.....	828,066	-	-	-	-	828,066
Culture and recreation.....	145,810	-	-	-	-	145,810
Housing and development.....	6,642	-	-	-	-	6,642
Capital Outlay.....	-	831,381	237,635	257,793	214,343	1,541,152
Debt Service						
Principal.....	-	-	33,416	-	-	33,416
Interest.....	-	-	10,344	-	-	10,344
Total expenditures.....	2,836,251	831,381	281,395	257,793	214,819	4,421,639
Excess (deficiency) of revenues over (under) expenditures.....	(375,938)	(831,233)	(281,395)	297,272	(127,998)	(1,319,292)
OTHER FINANCING SOURCES (USES)						
Transfers in.....	-	184,837	94	-	50,000	234,931
Transfers out.....	-	-	-	(234,931)	-	(234,931)
Sale of surplus property.....	27,571	-	-	-	-	27,571
Total other financing sources (uses).....	27,571	184,837	94	(234,931)	50,000	27,571
Net Changes in fund balances.....	(348,367)	(646,396)	(281,301)	62,341	(77,998)	(1,291,721)
Fund balances at beginning of year.....	1,443,695	747,365	283,436	69,248	176,945	2,720,689
Fund balances at end of year.....	\$ 1,095,328	\$ 100,969	\$ 2,135	\$ 131,589	\$ 98,947	\$ 1,428,968

The notes to the financial statements are an integral part of this statement.

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, 2013

Net change in Fund Balances - Total Governmental Funds.....		\$ (1,291,721)
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.....	\$ 1,431,176	
Depreciation expense.....	(391,950)	1,039,226
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying value of capital assets sold.....		
		(85,733)
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 revenues increased (decreased) by this amount this year:		
Franchise tax.....		(6,090)
Fines and forfeitures		1,376
Governmental funds report debt service as expenditures. However, in the statement of activities, long-term debt is recognized as a liability.		
		33,416
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.....		4,326
Net pension asset.....		12,621
Change in Net Position of Governmental Activities.....		<u>\$ (292,579)</u>

City of Bloomingdale, Georgia

General Fund

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

For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes.....	\$ 1,094,717	\$ 1,159,717	\$ 1,184,907	\$ 25,190
Licenses and permits.....	5,070	5,070	11,147	6,077
Intergovernmental revenues.....	55,300	82,860	85,313	2,453
Charges for services.....	489,477	489,477	480,067	(9,410)
Fines and forfeitures.....	625,000	625,000	573,363	(51,637)
Investment income.....	1,000	1,000	414	(586)
Contributions and donations.....	-	-	9,637	9,637
Miscellaneous.....	83,676	104,976	115,465	10,489
Total revenues.....	<u>2,354,240</u>	<u>2,468,100</u>	<u>2,460,313</u>	<u>(7,787)</u>
EXPENDITURES				
Current operating:				
General government				
Mayor and Council.....	13,800	13,800	10,800	3,000
Administration.....	435,613	520,063	519,467	596
Judicial				
Municipal Court	39,850	40,250	40,235	15
Public safety				
Police.....	990,702	1,087,062	1,086,354	708
Fire.....	158,557	200,557	198,877	1,680
Public works				
Public maintenance.....	710,499	828,399	828,066	333
Culture and recreation				
Recreation.....	73,180	145,930	145,810	120
Housing and development				
Building and zoning.....	9,750	9,750	6,642	3,108
Total expenditures.....	<u>2,431,951</u>	<u>2,845,811</u>	<u>2,836,251</u>	<u>9,560</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(77,711)</u>	<u>(377,711)</u>	<u>(375,938)</u>	<u>1,773</u>
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets.....	2,500	27,500	27,571	71
Total other financing sources (uses).....	<u>2,500</u>	<u>27,500</u>	<u>27,571</u>	<u>71</u>
Net change in fund balance.....	(75,211)	(350,211)	(348,367)	1,844
Fund balance, beginning of year.....	1,443,695	1,443,695	1,443,695	-
Fund balance, end of year.....	<u>\$ 1,368,484</u>	<u>\$ 1,093,484</u>	<u>\$ 1,095,328</u>	<u>\$ 1,844</u>

City of Bloomingdale, Georgia

Proprietary Funds Statement of Net Position June 30, 2013

	Business-type Activities
ASSETS	
Current assets:	
Cash and cash equivalents.....	\$ 975,353
Receivables (net of allowance).....	75,019
Restricted cash and cash equivalents:	
Customer deposits	31,050
Total current assets.....	<u>1,081,422</u>
Noncurrent Assets:	
Capital assets:	
Land, improvements, and construction in progress.....	59,335
Other capital assets, net of depreciation.....	1,829,707
Total capital assets (net of accumulated depreciation).....	1,889,042
Other noncurrent assets:	
Unamortized costs: treatment plant.....	1,257,695
Total noncurrent assets.....	<u>3,146,737</u>
Total assets.....	<u>4,228,159</u>
LIABILITIES	
Current liabilities:	
Accrued payables.....	1,845
Compensated absence.....	2,908
Due to other funds.....	184,773
Payable from restricted assets:	
Customer deposits payable.....	31,050
Total current liabilities.....	<u>220,576</u>
Noncurrent liabilities:	
Compensated absence.....	3,555
Total noncurrent liabilities.....	<u>3,555</u>
Total liabilities.....	<u>224,131</u>
NET POSITION	
Net investment in capital assets.....	1,890,965
Unrestricted.....	2,113,063
Total net position.....	<u>\$ 4,004,028</u>

City of Bloomingdale, Georgia
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2013

	Business-type Activities
OPERATING REVENUES	
Charges for services:	
Water charges.....	\$ 173,596
Sewer Charges.....	316,388
Other income.....	32,013
Total operating revenues.....	<u>521,997</u>
OPERATING EXPENSES	
<u>Water</u>	
Personnel services.....	76,748
Purchased and contracted services.....	33,690
Materials and supplies.....	61,374
Interfund charges.....	15,578
Depreciation.....	25,515
Total operating expenses - water.....	<u>212,905</u>
<u>Sewer</u>	
Personnel services.....	50,462
Purchased and contracted services.....	89,607
Materials and supplies.....	98,137
Interfund charges.....	10,800
Depreciation.....	67,902
Amortization.....	33,663
Total operating expenses - sewer.....	<u>350,571</u>
Total operating expenses.....	<u>563,476</u>
Operating income (loss).....	<u>(41,479)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings.....	282
Total nonoperating revenues (expenses).....	<u>282</u>
Income before capital contributions.....	(41,197)
Capital contributions from governmental funds.....	11,539
Capital contributions - connection fees.....	<u>3,150</u>
Change in net position.....	(26,508)
Net position, beginning of year.....	4,030,536
Net position, end of year.....	<u><u>\$ 4,004,028</u></u>

City of Bloomingdale, Georgia

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2013

	Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers.....	\$ 525,603
Cash payments to suppliers for goods and services.....	(312,420)
Cash payments to employees for services.....	(124,581)
Net cash provided (used) by operating activities.....	<u>88,602</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund borrowing (repayments).....	(70,815)
Net cash provided (used) by noncapital financing activities.....	<u>(70,815)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions - connection fees.....	3,150
Acquisitions and construction of capital assets.....	(38,971)
Net cash provided (used) by capital and related financing activities.....	<u>(35,821)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on cash and investments.....	282
Purchase of investments.....	244,205
Net cash provided (used) by investing activities.....	<u>244,487</u>
Net increase (decrease) in cash and cash equivalents.....	226,453
Cash and cash equivalents, beginning of year.....	779,950
Cash and cash equivalents, end of year.....	<u>\$ 1,006,403</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss).....	\$ (41,479)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization.....	127,080
Change in assets and liabilities:	
Decrease (increase) in accounts receivables.....	(4,212)
(Decrease) Increase in accounts payable.....	(3,234)
(Decrease) Increase in compensated absence.....	2,629
(Decrease) increase in customer deposits.....	9,013
Total adjustments.....	<u>130,081</u>
Net cash provided (used) by operating activities.....	<u>\$ 88,602</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets constructed or acquired with SPLOST revenues.....	<u>\$ 11,539</u>

The notes to the financial statements are an integral part of this statement.

City of Bloomingdale, Georgia

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2013

	Employees' Retirement Program Pension Trust Fund
ASSETS	
Cash and cash equivalents.....	\$ 141,501
Investments, at fair value:	
Stocks and options.....	546,477
Fixed income securities.....	369,842
Cash value of life insurance.....	27,647
Total assets.....	<u>\$ 1,085,467</u>
NET POSITION	
Held in trust for pension benefits (see Schedule of Funding Progress on page 28).....	<u>\$ 1,085,467</u>

City of Bloomingdale, Georgia
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Employees' Retirement Program Pension Trust Fund
Additions	
Contributions:	
Employer (including life insurance premiums).....	\$ 115,288
Total contributions.....	<u>115,288</u>
Investment earnings:	
Investment earnings.....	80,469
Net appreciation (depreciation) in fair value of investments.....	(7,079)
Net investment earnings.....	<u>73,390</u>
Total additions.....	<u>188,678</u>
Deductions	
Benefits paid to plan participants.....	75,951
Administrative expense.....	9,688
Total deductions.....	<u>85,639</u>
Net increase (decrease) for the year in plan net position.....	103,039
Net position - beginning.....	982,428
Net position - ending.....	<u><u>\$ 1,085,467</u></u>

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The *City of Bloomingdale, Georgia* ("City") is a municipal corporation governed by an elected mayor and six-member council and provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highways and streets, sanitation, culture and recreation, public improvements, and planning and zoning. In addition, the City operates a public utility (water and sewer) for the incorporated and immediate surrounding areas.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements.

A. Financial Reporting Entity

GASB Statement No. 14 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the City. Using the above criteria, the City has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded 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 recorded only when payment is due.

Sales taxes, franchise taxes, occupational taxes and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

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) 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 *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.

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

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

D. Assets, Liabilities and Equity

1. *Deposits and investments*

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 of 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*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivables are shown net of an allowance for uncollectibles. Allowances are based upon historical trends and the periodic aging of accounts receivable.

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.

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.

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Premiums received on debt issuances are 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. *Fund equity*

Fund Financial Statements

In the fund financial statements, fund balance consists of nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance represents amounts restricted to specific purposes. Committed fund balance represents amounts that can only be used for specific purposes as pursuant to official action by City Council prior to the end of the reporting period. Assigned fund balance represents amounts the City intends to use for a specific purpose but is neither restricted nor committed. The City Council has authority to assign fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
 - b) *Restricted net position* – Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
 - c) *Unrestricted net position* – Net position that is neither classified as restricted nor as invested in capital assets.
9. Interfund transactions are reflected as loans and are for services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

City of Bloomingdale, Georgia

Notes to the Financial Statements

June 30, 2013

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. 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.

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, 2013, supplemental increases in appropriations were \$413,860 and \$500 in the General Fund and Forfeited Account fund respectively.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2013, 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						
Certificates of deposit.....	N/A	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -
Pension Trust Fund						
Stocks and options.....		546,477	546,477	-	-	-
Corporate bonds						
Various.....	AA	41,880	20,605	21,275	-	-
Various.....	A+	41,885	20,558	21,327	-	-
Various.....	A	20,371	20,371	-	-	-
Various.....	A-	133,012	-	110,534	-	22,478
Various.....	BBB+	44,696	-	44,696	-	-
Various.....	BBB	87,998	-	44,298	36,882	6,818
		<u>\$ 1,116,319</u>	<u>\$ 808,011</u>	<u>\$ 242,130</u>	<u>\$ 36,882</u>	<u>\$ 29,296</u>

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.

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

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 \$2,067,784 and the bank balance was \$1,793,575. As of June 30, 2013 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.....	\$ 1,886,494
Restricted cash and cash equivalents.....	39,789
Fiduciary Funds	
Cash and cash equivalents.....	141,501
Total cash and cash equivalents.....	<u>\$ 2,067,784</u>

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 2003 - 2014	Water and Sewer Fund	Nonmajor Governmental	Total
Receivables:					
Accounts.....	\$ 357,147	\$ -	\$ 82,446	\$ -	\$ 439,593
Intergovernmental.....	70,334	46,118	-	48,568	165,020
Gross receivables.....	427,481	46,118	82,446	48,568	604,613
Less: allowance for uncollectibles.....	(11,408)	-	(7,427)	-	(18,835)
Net total receivables.....	<u>\$ 416,073</u>	<u>\$ 46,118</u>	<u>\$ 75,019</u>	<u>\$ 48,568</u>	<u>\$ 585,778</u>

C. Deferred Revenue

Deferred revenue liabilities 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 end of the 2012 fiscal year, deferred revenue reported in governmental funds represented franchise tax revenues of \$52,500 and fine and forfeiture revenues of \$160,578.

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 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.....	863,280	1,079,609	-	(147,143)	1,795,746
Total capital assets, not being depreciated.....	2,026,908	1,079,609	-	(147,143)	2,959,374
Capital assets, being depreciated					
Buildings.....	2,090,087	-	264,250	-	1,825,837
Improvements other than buildings.....	695,450	-	191,169	147,143	651,424
Machinery and equipment.....	1,124,589	54,607	477,576	-	701,620
Vehicles.....	977,676	296,960	467,772	-	806,864
Infrastructure.....	2,265,161	-	-	-	2,265,161
Total capital assets, being depreciated.....	7,152,963	351,567	1,400,767	147,143	6,250,906
Less accumulated depreciation for:					
Buildings.....	(520,486)	(52,408)	(226,595)	-	(346,299)
Improvements other than buildings.....	(274,147)	(46,212)	(163,544)	-	(156,815)
Machinery and equipment.....	(818,279)	(78,202)	(460,727)	-	(435,754)
Vehicles.....	(887,156)	(101,931)	(464,168)	-	(524,919)
Infrastructure.....	(418,507)	(113,197)	-	-	(531,704)
Total accumulated depreciation.....	(2,918,575)	(391,950)	(1,315,034)	-	(1,995,491)
Total capital assets, being depreciated, net.....	4,234,388	(40,383)	85,733	147,143	4,255,415
Governmental activities capital assets, net.....	\$ 6,261,296	\$ 1,039,226	\$ 85,733	\$ -	\$ 7,214,789

Depreciation expense was charged to function / departments of the City as follows:

Depreciation expense by function

General Government.....	\$ 57,603
Public Safety.....	147,638
Public Works.....	130,889
Culture and Recreation.....	55,820
Total depreciation expense by function.....	<u>\$ 391,950</u>

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

	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.....	59,335	-	-	-	59,335
Capital assets, being depreciated					
Buildings and system.....	3,683,988	-	-	-	3,683,988
Machinery and equipment.....	200,692	11,539	-	-	212,231
Vehicles.....	30,429	38,971	-	-	69,400
Total capital assets, being depreciated.....	3,915,109	50,510	-	-	3,965,619
Less accumulated depreciation for:					
Buildings and system.....	(1,855,455)	(76,487)	-	-	(1,931,942)
Machinery and equipment.....	(156,611)	(10,435)	-	-	(167,046)
Vehicles.....	(30,429)	(6,495)	-	-	(36,924)
Total accumulated depreciation.....	(2,042,495)	(93,417)	-	-	(2,135,912)
Total capital assets, being depreciated, net.....	1,872,614	(42,907)	-	-	1,829,707
Business-type activities capital assets, net.....	\$ 1,931,949	\$ (42,907)	\$ -	\$ -	\$ 1,889,042

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, 2013, contributions totaled \$1,257,695, net of accumulated amortization of \$425,452. Amortization expense for fiscal year 2013 was \$33,663.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due from / to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 184,773
SPLOST Drainage Project	SPLOST 2008-2014	24,197
		<u>\$ 208,970</u>

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.

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Interfund transfers:

Transfer from	Transfer to	Amount
SPLOST 2008-2014	SPLOST Drainage Project	\$ 184,837
SPLOST 2008-2014	SPLOST 2003-2008	94
SPLOST 2008-2014	Greenspace	50,000
Total.....		<u>\$ 234,931</u>

Interfund Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations.

F. 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, 2013, was \$283,372. The debt service requirements to maturity are as follows:

Total Debt Service Requirements - Notes Payable			
Fiscal Year Ending	Principal	Interest	Total
2014	\$ 34,581	\$ 9,179	\$ 43,760
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 - 2021	97,993	4,114	102,107
Totals.....	<u>\$ 283,372</u>	<u>\$ 37,535</u>	<u>\$ 320,907</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
Note payable.....	\$ 316,788	\$ -	\$ 33,416	\$ 283,372	\$ 34,581
Compensated absences.....	61,680	59,801	64,127	57,354	25,809
Total governmental activities....	<u>\$ 378,468</u>	<u>\$ 59,801</u>	<u>\$ 97,543</u>	<u>\$ 340,726</u>	<u>\$ 60,390</u>
Business-type activities:					
Compensated absences.....	\$ 3,834	\$ 7,746	\$ 5,117	\$ 6,463	2,908
Total business-type activities....	<u>\$ 3,834</u>	<u>\$ 7,746</u>	<u>\$ 5,117</u>	<u>\$ 6,463</u>	<u>\$ 2,908</u>

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

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 4 – OTHER INFORMATION

A. Employee Retirement Plan

Plan Description

The City of Bloomingdale Defined Benefit Plan (the Plan) is a single employer defined benefit pension plan covering all full-time employees who have attained age 21 and completed one year of service. In addition, the plan covers the Mayor and City Councilmen. The Plan provides retirement, death and termination benefits to plan members and beneficiaries. The Plan is administered by the City's Pension Board. The City has the authority to amend and/or terminate the Plan at any time. The accounting and financial reporting functions are performed by the City's finance department and the Plan's audited financial statement is included in the City's annual financial report as a pension trust fund.

Summary of Significant Accounting Policies

The Plan's financial statements are prepared using the accrual basis of accounting. The City pays the entire cost of the plan, including administrative expenses. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value (quoted market price or best estimate thereof).

As of July 1, 2013, the date of the latest actuarial valuation, the number of participants was as follows:

Active plan members.....	36
Terminated plan members entitled to but not yet receiving benefits.....	4
Total.....	<u>40</u>

Funding Policy

The City is required to contribute at an actuarially determined rate; the current rate is 9.65 percent of annual covered payroll. The minimum required contribution rates for the plan's fiscal years ended 2013 and 2012 were \$100,021 and \$96,434 respectively. Employees do not contribute.

Annual Pension Cost and Net Pension Obligation

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

	Plan Years Ended June 30,		
	2013	2012	2011
1 Annual required contribution.....	\$ 100,021	\$ 96,434	\$ 98,112
2 Interest on net pension obligation.....	(42,878)	(43,973)	(43,687)
3 Adjustment to annual required contribution.....	43,200	44,303	44,015
4 Annual pension cost (1) + (2) + (3).....	100,343	96,764	98,440
5 Contribution made (net of insurance premiums).....	(112,964)	(83,083)	(102,014)
6 Increase (decrease) in net pension obligation (4) + (5).....	(12,621)	13,681	(3,574)
7 Net pension obligation (excess), beginning of year.....	(535,980)	(549,661)	(539,577)
8 Net pension obligation (excess), end of year (6) + (7).....	<u>\$ (548,601)</u>	<u>\$ (535,980)</u>	<u>\$ (543,151)</u>

City of Bloomington, Georgia

Notes to the Financial Statements

June 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

The annual required contribution was determined as part of an actuarial valuation using the Entry Age Normal cost method. The actuarial assumptions included (a) an 8.0% interest rate; (b) a 5.0% salary progression rate; and (c) a 0.0% inflation rate. Assets are valued at market. A closed group is used. Under the cost method, unfunded actuarial liabilities are amortized over 15 years. The amortization of unfunded accrued liability uses the level percentage of compensation method.

Trend Information

Plan Year Ended	Annual Required Contribution (ARC)	Actual Pension Contribution	Percentage of ARC Contributed	Net Pension Obligation (Excess)
6/30/2007	\$ 66,477	\$ 76,139	115 %	\$ (494,781)
6/30/2008	60,117	76,890	128	(511,256)
6/30/2009	88,787	117,416	132	(539,578)
6/30/2010	89,825	96,658	108	(546,087)
6/30/2011	98,112	102,014	104	(549,661)
6/30/2012	96,434	83,083	86	(535,980)
6/30/2013	100,021	112,964	113	(548,601)

Fund Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the plan was 87.0% funded. The actuarial accrued liability for benefits was \$1,248,322 and the actuarial value of assets was \$1,085,467. The covered payroll (annual payroll of active employees covered by the plan) was \$1,128,481. The unfunded accrued liability (UAAL) was \$162,855 and the ratio of the UAAL to the covered payroll was 14.4%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

City of Bloomingdale, Georgia
Notes to the Financial Statements
June 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

D. Membership in Coastal Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2013, the City paid \$2,713 in such dues. Membership in CRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC 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 an RDC. Separate financial statements may be obtained from Coastal Regional Commission, 127 "F" Street, Brunswick, Georgia 31520.

E. Fund Balance Classifications

Classification/ Fund	Purpose	Amount
Nonspendable		
General Fund	Inventories	\$ 18,770
Restricted		
SPLOST Drainage Projects	Drainage projects	100,969
SPLOST 2003-2008	Capital outlay projects	2,135
SPLOST 2008-2014	Capital outlay projects	131,589
Forfeiture Account Fund	U.S. Department of Justice	772
Capital Projects - Green Space Projects	Green space capital projects	98,175
Unassigned		
General Fund		1,076,558
	Total Fund Balance	<u>\$ 1,428,968</u>

City of Bloomingdale, Georgia
Required Supplementary Information – Schedule of Funding Progress
June 30, 2013

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
7/1/2002	\$ 372,312	\$ 521,836	\$ 149,524	71.3 %	\$ 554,045	27.0 %
7/1/2003	383,445	490,848	107,403	78.1	456,265	23.5
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

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 *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 *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, 2013

	Non-major Special Revenue Fund Forfeiture Account	Non-major Capital Projects Fund - Green Space Projects	Total Non-major Governmental Funds
ASSETS			
Cash and cash equivalents.....	\$ 772	\$ 49,607	\$ 50,379
Intergovernmental receivable.....	-	48,568	48,568
Total assets.....	<u>\$ 772</u>	<u>\$ 98,175</u>	<u>\$ 98,947</u>
FUND BALANCES			
Fund balance:			
Restricted for:			
Public safety.....	\$ 772	\$ -	\$ 772
Capital projects.....	-	98,175	98,175
Total fund balance.....	<u>772</u>	<u>98,175</u>	<u>98,947</u>
Total liabilities and fund balance.....	<u>\$ 772</u>	<u>\$ 98,175</u>	<u>\$ 98,947</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, 2013

	Non-major Special Revenue Fund Forfeiture Account	Non-major Capital Projects Fund - Green Space Projects	Total Non-major Governmental Funds
REVENUES			
Intergovernmental.....	\$ -	\$ 75,000	\$ 75,000
Fines and forfeitures.....	1,061	-	1,061
Investment earnings.....	-	110	110
Contributions and donations.....	-	10,650	10,650
Total revenues.....	<u>1,061</u>	<u>85,760</u>	<u>86,821</u>
EXPENDITURES			
Current:			
Public safety.....	476	-	476
Capital outlay.....	-	214,343	214,343
Total expenditures.....	<u>476</u>	<u>214,343</u>	<u>214,819</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>585</u>	<u>(128,583)</u>	<u>(127,998)</u>
OTHER FINANCING SOURCES			
Transfers in.....	-	50,000	50,000
Total other financing sources.....	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net change in fund balance.....	585	(78,583)	(77,998)
Fund balance, beginning of year.....	187	176,758	176,945
Fund balance, end of year.....	<u>\$ 772</u>	<u>\$ 98,175</u>	<u>\$ 98,947</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures.....	\$ -	\$ 500	\$ 1,061	\$ 561
Total revenues.....	-	500	1,061	561
EXPENDITURES				
Current:				
Public safety.....	-	500	476	24
Total expenditures.....	-	500	476	24
Excess revenues over (under) expenditures.....	-	-	585	585
Fund balance at beginning of year.....	187	187	187	-
Fund balance at end of year.....	\$ 187	\$ 187	\$ 772	\$ 585

City of Bloomingdale, Georgia

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds For the Year Ended June 30, 2013

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current	
1998 Resolution					
Drainage capital improvements.....	\$ 2,000,000	\$ 2,000,000	\$ 2,051,704	\$ 747,513	\$ 2,799,217
Open space and greenway / bikeway.....	121,531	121,531	63,568	78,693	142,261
Public safety equipment.....	266,665	327,229	347,501	-	347,501
Other capital outlay projects:	458,703	458,703	-	-	-
Local street improvements.....	-	-	334,173	-	334,173
Public safety building.....	-	-	385,215	-	385,215
City Hall improvements.....	-	-	13,697	-	13,697
Accounting software conversion.....	-	-	44,534	-	44,534
Police impound yard improvements..	-	-	10,031	-	10,031
Subtotal 1998 Resolution	2,846,899	2,907,463	3,250,423	826,206	4,076,629
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.....	-	-	119,816	34,798	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.....	-	-	21,951	28,049	50,000
Machinery and equipment.....	-	-	107,817	174,788	282,605
Subtotal 2003 Resolution	2,800,000	2,902,165	2,955,780	281,395	3,237,175
2008 Resolution	3,000,000	3,000,000			
General administration equipment.....	-	-	-	22,235	22,235
Public safety facility	-	-	747,378	-	747,378
Public safety equipment.....	-	-	-	76,776	76,776
Public works equipment.....	-	-	32,640	117,592	150,232
Drainage projects:					
Phase III project.....	-	-	-	83,868	83,868
Recreation:					
Veterans Monument.....	-	-	-	50,000	50,000
Recreation equipment.....	-	-	-	29,651	29,651
Water and sewer equipmment.....	-	-	-	11,539	11,539
Subtotal 2008 Resolution	3,000,000	3,000,000	780,018	391,661	1,171,679
Totals for all Resolutions	\$ 8,646,899	\$ 8,809,628	\$ 6,986,221	\$ 1,499,262	\$ 8,485,483

continued

City of Bloomingdale, Georgia
Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2013

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.....	\$ 831,381
SPLOST 2003-2008.....	281,395
SPLOST 2008-2014.....	257,793
SPLOST Greenspace Fund (non-major fund).....	214,343
Total expenditures.....	<u>1,584,912</u>
Other funding sources:	
Grant funding.....	(75,000)
Private contributions and donations.....	<u>(10,650)</u>
Total SPLOST expenditures.....	<u><u>\$ 1,499,262</u></u>

concluded



Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bloomingdale, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 23, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City'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
December 23, 2013