

**CITY OF SYLVESTER, GEORGIA  
ANNUAL FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
June 30, 2015**

**CITY OF SYLVESTER, GEORGIA**  
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# Hudson & NeSmith, CPAs

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Private Companies Practice Section

Ronald D. Hudson, CPA, CFP®

John A. NeSmith, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Sylvester, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sylvester, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sylvester, Georgia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As discussed in Note 15 and Note 21, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made*

### **Certified Public Accountants and Consultants**

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*Subsequent to the Measurement Date-an amendment of GASB Statement No. 68, as of July 1, 2014, which significantly change the accountability for the City's net pension liability and related disclosures. Our opinion is not modified with respect to this matter.*

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios on page 58, schedule of contributions on pages 59 through 61 and budgetary comparison schedule on pages 62 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sylvester, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Special Purpose Local Option Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the financial statements. The accompanying Project Cost Schedules and Source and Application of Funds Schedules are also presented for additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of Special Purpose Local Option Sales Tax Proceeds, Project Cost Schedules and Source and Application of Funds Schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of Special Purpose Local Option Sales Tax Proceeds, Project Cost Schedules and Source and Application of Funds Schedules, and the schedule of expenditures of federal awards 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, 2015, on our consideration of the City of Sylvester, 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 Sylvester, Georgia's internal control over financial reporting and compliance.

*Hudson & NeSmith, CPAs*

Hudson & NeSmith, CPAs  
Sylvester, Georgia  
December 23, 2015

**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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As management of the City of Sylvester, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

**FINANCIAL HIGHLIGHTS**

- The City has \$32,041,670 in total assets of which \$20,484,322 are capital assets.
- The City has \$7,382,310 in total liabilities of which \$5,589,258 are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$24,504,008 (net position). Of this amount, \$7,366,184 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors while \$16,251,824 the net investment in capital assets.
- The City's total net position increased by \$1,892,210.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,867,718, a decrease of \$168,368 in comparison with the prior year. This amount consists of \$721,377 restricted for specific projects and public services and an unassigned balance of \$1,867,718.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,060,467, or 18.3 % of total general fund expenditures.
- The City's long-term debt decreased by \$72,880 during the current fiscal year as a result of scheduled principle payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—*management's discussion and analysis* (which serves as an introduction to the City's basic financial statements), the *basic financial statements*, and *supplementary information* that presents combining statements for nonmajor governmental funds and nonmajor enterprise funds as well as other selected information. The City's basic financial statements consist of three components: 1) Government-Wide financial statements, 2) Fund financial statements and 3) Notes to financial statements.

**Government-Wide Financial Statements**

The primary role of the Government-Wide financial statements is to demonstrate operational accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Sylvester's finances, in a manner similar to a private-sector business. It provides both long-term and short-term information about the City's overall financial status. The *statement of net position* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer the question - is the City's financial health improving or deteriorating?

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as net position. The statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The reader would need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community and economic development, and interest on long-term debt. The business-type activities of the City include water and sewer, electric (light), natural gas, solid waste, airport operations, and telecommunications.

**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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The government-wide financial statements include not only the City of Sylvester itself (known as the *primary government*), but also a legally separate City of Sylvester Downtown Development Authority, for which the City has some degree of financial accountability. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

**Fund Financial Statements**

The primary role of the Fund financial statements is to demonstrate fiscal accountability. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows* of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and for the SPLOST 2005 and 2011 fund as they are considered to be major funds. Data from the other three (3) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds**

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Electric (Light) Revenue Fund, Natural Gas Revenue Fund, Sanitation Waste Fund, Airport Fund, and Telecommunications Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Electric (Light) Revenue Fund, and the Natural Gas Revenue Fund, all of which are considered to be major funds of the City. Conversely, the non-major enterprise funds are combined into single aggregated presentations in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report.

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.



**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

Table 1 below summarizes the major features of the basic financial statements.

*Table 1*  
**Major Features of the Basic Financial Statements**

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business
Required financial statements	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position  Statement of Revenues, Expenditures, and Changes in Net Position  Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Condensed Statement of Net Position**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$24,504,008 at the close of the most recent fiscal year.

By far the largest portion of the City's net position \$16,251,824 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported

**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2015 and 2014.

**Table 2**  
**Condensed Statement of Net Position**

	Governmental Activities		Business – type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 2,423,632	\$ 2,470,268	\$ 9,133,716	\$ 7,994,481	\$ 11,557,348	\$ 10,464,749
Capital assets	9,542,358	9,044,116	10,941,964	10,745,389	20,484,322	19,789,505
Total assets	11,965,990	11,514,384	20,075,680	18,739,870	32,041,670	30,254,254
<b>Deferred Inflow of Resources</b>						
Pension Plan Activity	252,815				252,815	
<b>Liabilities</b>						
Other liabilities	618,272	624,913	1,174,780	1,269,686	1,793,052	1,894,599
Long-term liabilities	2,522,430	1,222,916	3,066,828	2,227,964	5,589,258	4,002,879
Total liabilities	3,140,702	1,847,828	4,241,608	4,049,650	7,382,310	5,897,478
<b>Deferred Inflow of Resources</b>						
Pension Plan Activity	407,367				407,367	
Unearned Revenue			800		800	
Total Deferred Inflows	407,367		800		408,167	
<b>Net position</b>						
Net investment in Capital Assets	8,459,304	7,633,975	7,792,520	7,850,152	16,251,824	15,584,127
Restricted	721,377	647,400	164,623	164,623	886,000	812,023
Unrestricted	(509,945)	1,385,181	7,876,129	6,675,445	7,366,184	8,060,626
Total net position	\$ 8,670,736	\$ 9,666,556	\$ 15,833,272	\$ 14,690,220	\$ 24,504,008	\$ 24,356,776

Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position exceeds liabilities by \$24,504,008 for 2015 as compared to \$24,356,776 for 2014 for an increase of .6 %. Of this amount \$1,143,052 came from business-type activities and (\$995,820) came from governmental activities.

An additional portion of the City's net position 3.6% represents resources that are subject to external restrictions on how they may be used. This is an increase of \$73,977 or 9.1 % from 2014.

For governmental activities, the City reported a balance of (\$509,945) in unrestricted net position. This is a decrease of \$1,895,126 from 2014. The business-type activities unrestricted net position was \$7,876,129, an increase of \$1,200,684 from 2014.

At the end of the current fiscal year, the City is able to report positive balances in the category of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**Condensed Statement of Activities**

Table 3 below presents the City's condensed statement of activities for the years ended June 30, 2015 and 2014. Over time, increases or decreases in net position measure whether the City's financial position is improving or deteriorating.

**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

*Table 3*  
**Condensed Statement of Activities**

	Governmental Activities		Business – type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 418,689	\$ 498,996	\$ 15,395,036	\$ 14,440,639	\$ 15,813,725	\$ 14,939,635
Operating grants and contributions	50,954	306,000	--	--	50,954	306,000
Capital grants and contributions	782,697	675,248	270,928	405,029	1,053,625	1,080,277
General revenues:						
Property taxes	810,749	806,560	--	--	810,749	806,560
Local option sales taxes	437,541	378,991	--	--	437,541	378,991
Other taxes	496,382	481,614	--	--	496,382	481,614
Investment income	3,412	9,148	3,081	4,408	6,493	13,556
Gain (loss) on investments	--	--	167,338	41,988	167,338	41,988
Other revenues	153,327	121,595	--	--	153,327	121,595
<b>Total revenues</b>	<b>3,153,751</b>	<b>3,278,152</b>	<b>15,836,383</b>	<b>14,892,064</b>	<b>18,990,134</b>	<b>18,170,216</b>
<b>Expenses</b>						
General government	1,755,934	1,758,014	--	--	1,755,934	1,758,014
Public safety	2,612,595	2,734,049	--	--	2,612,595	2,734,049
Public works	939,209	936,325	--	--	939,209	936,325
Parks and recreation	189,179	154,427	--	--	189,179	154,427
Community development	120,767	402,427	--	--	120,767	402,427
Interest - long-term debt	53,260	64,711	--	--	53,260	64,711
Water and sewer	--	--	1,564,885	1,357,357	1,564,885	1,357,357
Electric revenue	--	--	8,184,532	7,621,180	8,184,532	7,621,180
Gas revenue	--	--	924,034	1,037,136	924,034	1,037,136
Sanitation	--	--	619,209	580,960	619,209	580,960
Airport	--	--	42,309	98,098	42,309	98,098
Telecommunications	--	--	92,011	32,021	92,011	32,021
<b>Total expenses</b>	<b>5,670,944</b>	<b>6,049,953</b>	<b>11,426,980</b>	<b>10,726,752</b>	<b>17,097,924</b>	<b>16,776,705</b>
Increase (decrease) in net position before transfers	(2,517,193)	(2,771,801)	4,409,403	4,165,312	1,892,210	1,393,511
Transfers	3,266,351	3,445,000	(3,266,351)	(3,445,000)	--	--
<b>Change in net position</b>	<b>\$ 749,158</b>	<b>\$ 673,199</b>	<b>\$ 1,143,052</b>	<b>\$ 720,312</b>	<b>\$ 1,892,210</b>	<b>\$ 1,593,511</b>

Governmental activities during the fiscal year ended June 30, 2015 increased the City's net position by \$749,158. Business-type activities during the same period increased net position by \$1,143,052. The net change in net position was an increase of \$1,892,210. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2015 revenues from governmental activities at \$3,153,751 while expenses were \$5,670,944. Business-type activities total revenues for 2015 were \$15,836,383 million while expenses were \$11,426,980. Transfers from business-type activities are the largest governmental activity revenue source at \$3,266,351 or 50.8%. The next largest revenue source for governmental activities comes from property taxes of \$810,749 which is 12.6 % of the total governmental activity funding. Revenues from local option sales taxes are the third largest governmental activity revenue source at \$437,541 or 6.8 %. Business-type activities program revenues exceeded expenses by \$4,409,403 before internal transfers to support the governmental activities.

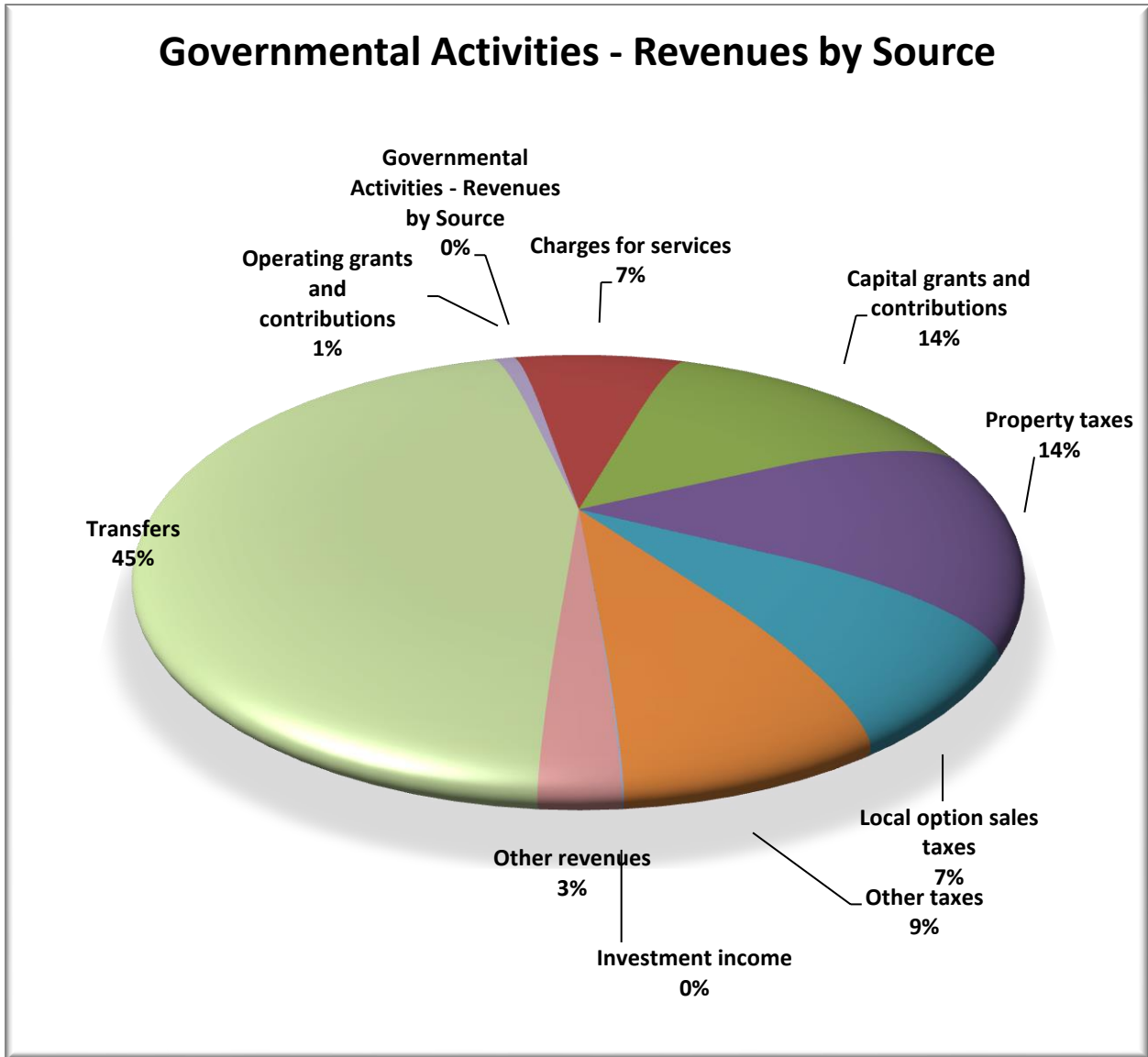
**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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**Program Revenues and Expenses for Governmental Activities**

Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through local option sales taxes (6.8%) of the primary government. For the year ended June 30, 2015 these revenues were \$437,541.

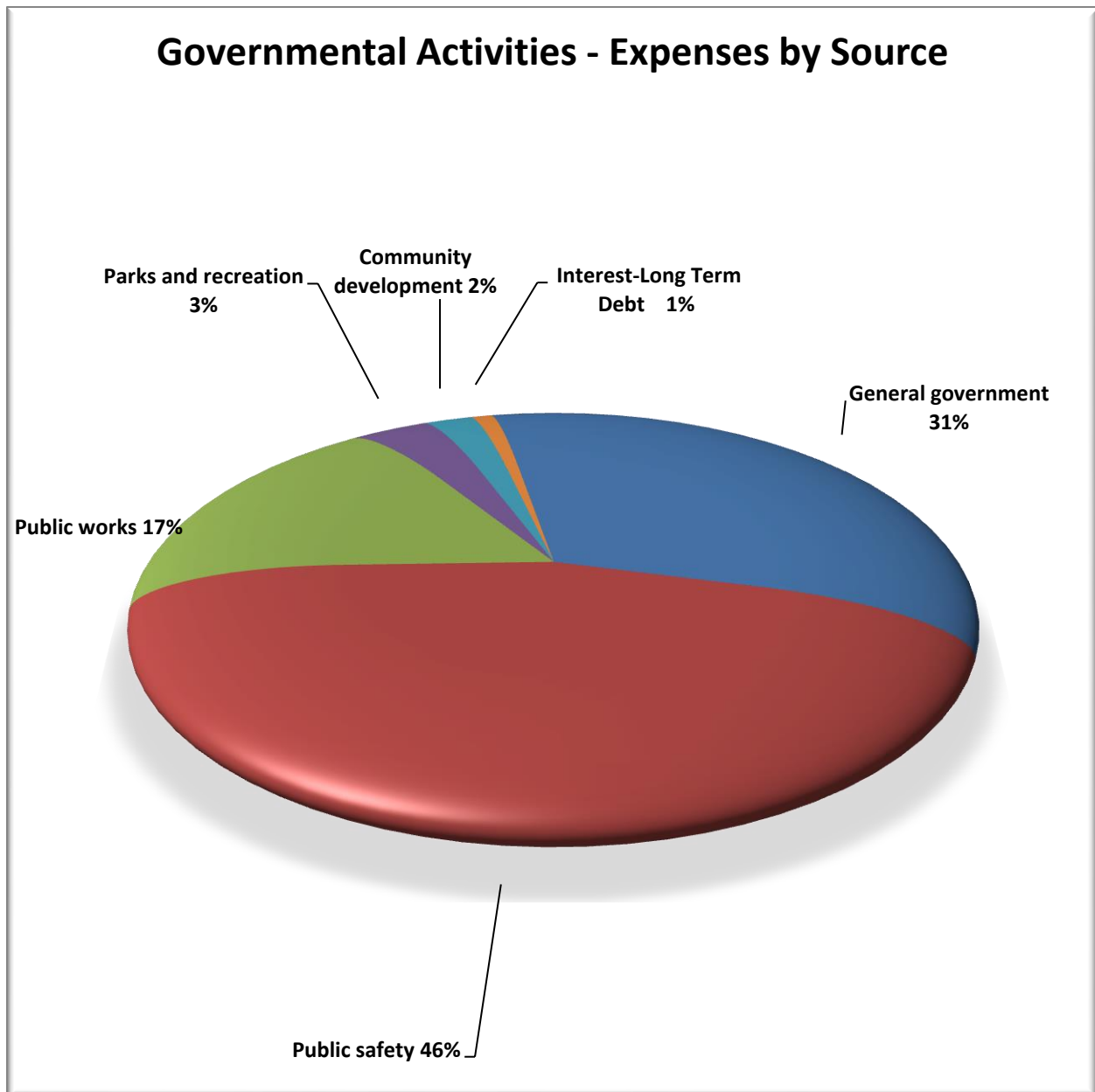


**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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Governmental Activities – Expenses by Source

The following chart shows the governmental activities expenses by source. The City of Sylvester spent the greatest amount of its available funding on Public safety (46%). The next largest funding was required for General Government at (31%).



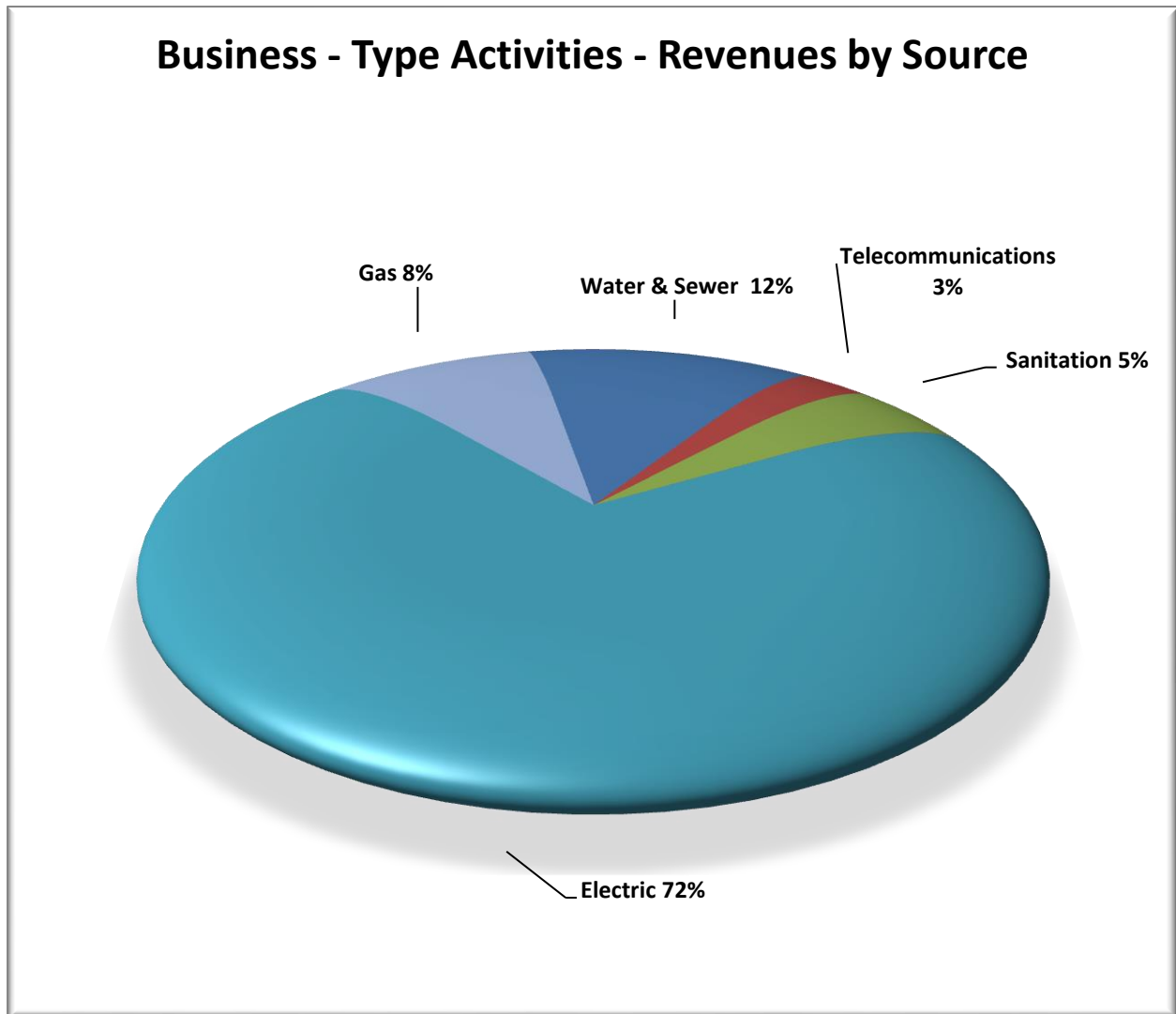
**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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**Program Revenues and Expenses for Business-Type Activities**

**Business-Type Activities – Revenues by Source**

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues 72% or \$11,069,018 are generated by the Electric Revenue Fund than all other business-type activities combined at (72%) or \$11.1 million.

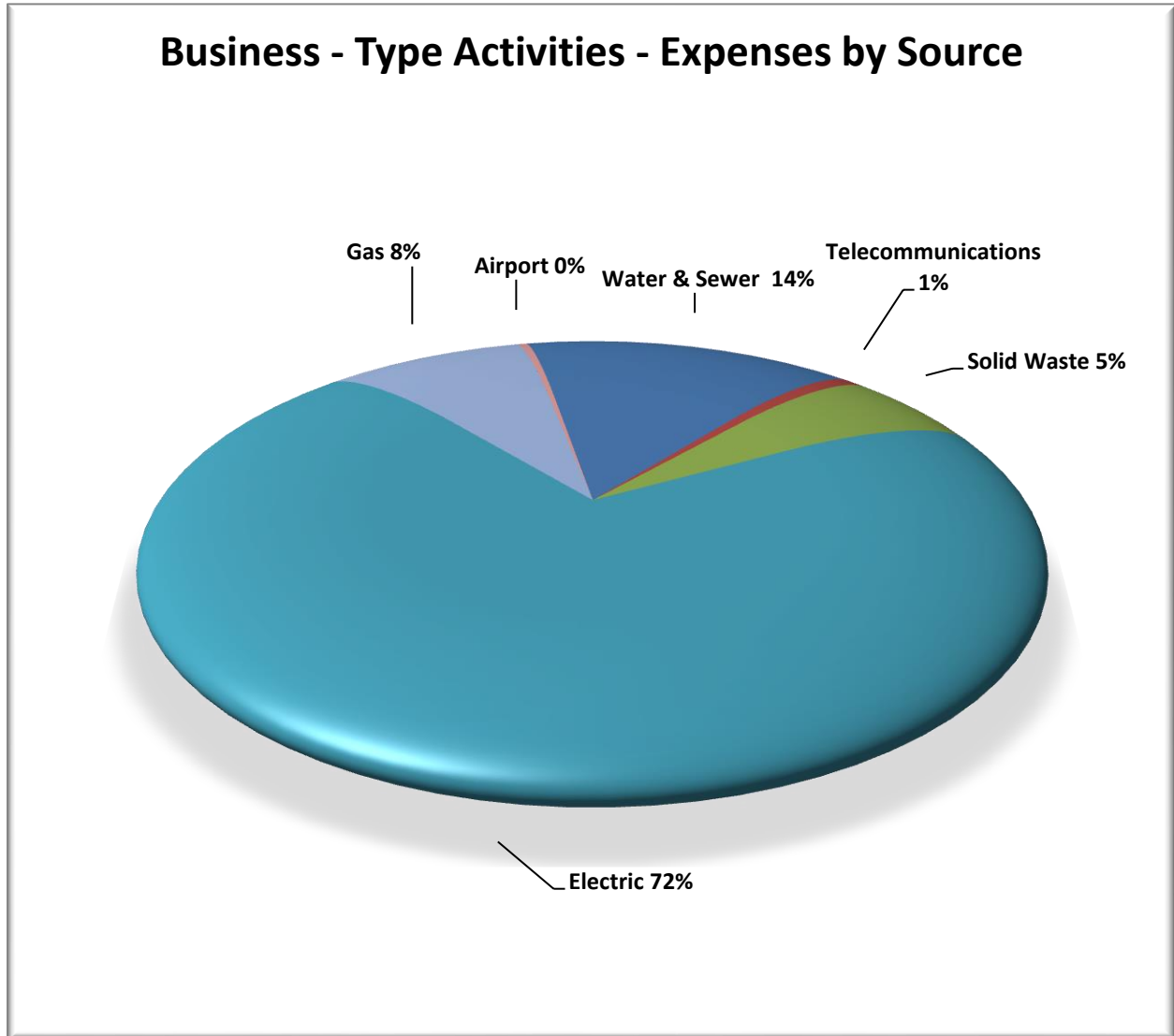


**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 72% or \$8,184,532 but generated profits of \$2,884,486 million before its transfers to governmental activities.



**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds**

The City of Sylvester has two major governmental funds which are the General Fund and the SPLOST Fund. At June 30, 2015, the General Fund had a fund balance of \$1,159,372 and the SPLOST Fund had a balance of \$ 439,693. This is a decrease of \$139,483 for the General Fund and \$33,333 for the SPLOST Fund from the beginning fund balance.

The fund balances for the other governmental funds increased by \$4,448. The final fund balance for these funds was \$264,205 at the end of the year.

**Enterprise Funds**

The Enterprise Funds, which include the City's Water and Sewer Fund, Electric (Light) Revenue Fund, and Gas Fund and the non-major enterprise funds consisting of the Solid Waste, Airport, and Telecommunications showed a combined cash and cash equivalents balance of \$2,038,453 for the year ended June 30, 2015. This was an increase of \$463,000 from the previous year.

The Water and Sewer Fund had an ending cash balance and cash equivalents balance of \$792,449 at June 30, 2015. This was an increase of \$123,827 from the previous year.

The Electric Fund had an ending cash and cash equivalents balance of \$1,045,755. This is an increase of \$282,531 from the balance the previous year.

The Natural Gas Fund had an ending cash and cash equivalents balance of \$63,407. This is a decrease of \$8,541 from the balance the previous year.

The combined cash and cash equivalents balance of the non-major enterprise funds at the end of the year was \$136,842. This is an increase of \$65,093 from the balance the previous year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2015 related to the transfer of budgeted amounts between departments, and additional appropriations were due to the elimination of interfund payables.

The actual revenues of the General Fund were less than final budgeted amounts by \$50,177 for the year ended June 30, 2015. The major factor contributing to this difference was fines and forfeitures.

The actual expenditures of the General Fund were less than final budgeted amounts by \$90,866 for the year ended June 30, 2015. The major factor contributing to this difference was a decrease in actual expenditures in several departments.



**CITY OF SYLVESTER, GEORGIA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30 2015, governmental activities and business-type activities had capital assets of \$20,484,322 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities increased \$498,242 from the 2014 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities increased by \$192,575 from the prior year due to current year acquisitions net of depreciation costs.

Additional information on the City's capital assets can be found in Note 6 of the Notes to Financial Statements.

**Long-term Debt**

The City's total long-term debt consists of capital leases, net pension liability, compensated absences and other long-term liabilities.

At June 30, 2015, the City had \$2,522,430 of outstanding long-term liabilities related to governmental activities and \$3,066,828 of long-term liabilities related to business-type activities for a total of \$5,589,258 compared to the previous year's total of \$4,002,879. This is an increase of \$1,586,379 as a result of scheduled principle payments and new acquisitions.

Additional information on the City's long-term debt can be found in Note 8 of the Notes to Financial Statements.

**FACTORS AFFECTING THE 2015 BUDGET**

The Mayor and Council of the City of Sylvester considered many factors when approving the City's 2015 budget and were very aware of present economic conditions and their effect on its citizens. The Mayor and Council chose to continue to use additional transfers from certain business-type activities to other business-type activities and to fund governmental activities and to use reserves and reductions in fund balances to fund operations and capital expenditures in 2015 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to:

City Finance Department  
City of Sylvester  
101 N Main Street  
Sylvester, Georgia 31791

**CITY OF SYLVESTER, GEORGIA**  
FOR THE FISCAL YEAR ENDED JUNE, 2015

**BASIC FINANCIAL STATEMENTS**

See accompanying notes to the financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Statement of Net Position**  
**June 30, 2015**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b><u>Assets</u></b>				
<b><u>Current Assets</u></b>				
Cash	\$ 887,607	\$ 1,499,263	\$ 2,386,870	\$ 5,058
Investments	1,261,098	5,428,682	6,689,780	-
Receivables - Net	254,064	1,802,135	2,056,199	-
Interfund	(85,806)	85,806	-	-
Intergovernmental Receivable	35,494	9,442	44,936	-
Inventory	19,867	308,388	328,255	-
Prepaid Items	51,308	-	51,308	-
Total Current Assets	2,423,632	9,133,716	11,557,348	5,058
<b><u>Noncurrent Assets</u></b>				
Capital Assets				
Nondepreciable	1,234,250	1,496,157	2,730,407	-
Depreciable-Net	8,308,108	9,445,807	17,753,915	-
Total Noncurrent Assets	9,542,358	10,941,964	20,484,322	-
<b>Total Assets</b>	<b>11,965,990</b>	<b>20,075,680</b>	<b>32,041,670</b>	<b>5,058</b>
<b><u>Deferred Outflows of Resources</u></b>				
Pension Plan Activity	252,815	-	252,815	-
<b>Total Assets and Deferred Outflows</b>	<b>12,218,805</b>	<b>20,075,680</b>	<b>32,294,485</b>	<b>5,058</b>
<b><u>Liabilities</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts Payable	\$ 329,077	\$ 824,576	\$ 1,153,653	\$ -
Accrued Expenses	63,429	62,236	125,665	-
Deposits	14,214	176,579	190,793	-
Capital Leases Payable	211,552	-	211,552	-
Notes Payable	-	111,389	111,389	-
Total Current Liabilities	618,272	1,174,780	1,793,052	-
<b><u>Long-Term Liabilities</u></b>				
Capital Leases Payable, Less Current Portion	871,502	-	871,502	-
Notes Payable, Less Current Portion	-	3,038,055	3,038,055	-
Net Pension Liability	1,524,652	-	1,524,652	-
Compensated Absenses	126,276	28,773	155,049	-
Total Long-Term Liabilities	2,522,430	3,066,828	5,589,258	-
<b>Total Liabilities</b>	<b>3,140,702</b>	<b>4,241,608</b>	<b>7,382,310</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>				
Pension Plan Activity	407,367	-	407,367	-
Unearned Revenues	-	800	800	-
<b>Total Liabilities and Deferred Inflows</b>	<b>3,548,069</b>	<b>4,242,408</b>	<b>7,790,477</b>	<b>-</b>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	8,459,304	7,792,520	16,251,824	-
Restricted for				
Capital Projects	439,793	-	439,793	-
Debt Service	-	164,623	164,623	-
Public Welfare	10,612	-	10,612	-
Economic Development	265,767	-	265,767	-
Public Safety	2,419	-	2,419	-
Other	2,786	-	2,786	-
Downtown Development	-	-	-	5,058
Unrestricted	(509,945)	7,876,129	7,366,184	-
<b>Total Net Position</b>	<b>\$ 8,670,736</b>	<b>\$ 15,833,272</b>	<b>\$ 24,504,008</b>	<b>\$ 5,058</b>

See accompanying notes to the financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Statement of Activities**  
**Year Ended June 30, 2015**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Functions/Programs</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,755,934	\$ 133,333	\$ -	\$ 85,072
Public Safety	2,612,595	285,356	-	-
Public Works	939,209	-	-	697,625
Culture and Recreation	189,179	-	-	-
Community & Economic Development	120,767	-	50,954	-
Interest on Long-Term Debt	53,260	-	-	-
<b>Total Governmental Activities</b>	<b>5,670,944</b>	<b>418,689</b>	<b>50,954</b>	<b>782,697</b>
<b>Business-Type Activities</b>				
Electric	8,184,532	11,069,018	-	-
Water and Sewer	1,564,885	1,857,728	-	40,278
Natural Gas	924,034	1,322,292	-	-
Solid Waste	619,209	728,258	-	-
Telecommunications	92,011	414,540	-	-
Airport	42,309	3,200	-	230,650
<b>Total Business-Type Activities</b>	<b>\$ 11,426,980</b>	<b>\$ 15,395,036</b>	<b>\$ -</b>	<b>\$ 270,928</b>
<b>Total Primary Government</b>	<b>\$ 17,097,924</b>	<b>\$ 15,813,725</b>	<b>\$ 50,954</b>	<b>\$ 1,053,625</b>
<b>Component Unit</b>				
Downtown Development Authority	\$ 4,805	\$ 7,027	\$ -	\$ -

**General Revenues:**

Property Taxes and Franchise Taxes  
Intangible and Transfer Taxes  
Insurance Premium Taxes  
Sales Taxes  
Alcoholic Beverage Tax  
Business Taxes  
Investment Earnings  
Gain on Investments  
Miscellaneous Revenue

Transfers - Internal Activities

Total General Revenues and Transfers

CHANGE IN NET POSITION

NET POSITION - JULY 1, 2014 (as restated)

NET POSITION - JUNE 30, 2015

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Statement of Activities (Continued)**  
**Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position				Component Unit Downtown Development Authority
<u>Primary Government</u>				
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		
\$ (1,537,529)	\$ -	\$ (1,537,529)		\$ -
(2,327,239)	-	(2,327,239)		-
(241,584)	-	(241,584)		-
(189,179)	-	(189,179)		-
(69,813)	-	(69,813)		-
(53,260)	-	(53,260)		-
<u>(4,418,604)</u>	<u>-</u>	<u>(4,418,604)</u>		<u>-</u>
-	2,884,486	2,884,486		-
-	333,121	333,121		-
-	398,258	398,258		-
-	109,049	109,049		-
-	322,529	322,529		-
-	191,541	191,541		-
<u>-</u>	<u>4,238,984</u>	<u>4,238,984</u>		<u>-</u>
(4,418,604)	4,238,984	(179,620)		
<u>-</u>	<u>-</u>	<u>-</u>		<u>2,222</u>
810,749	-	810,749		-
10,295	-	10,295		-
333,748	-	333,748		-
437,541	-	437,541		-
96,219	-	96,219		-
56,120	-	56,120		-
3,412	3,081	6,493		3
-	167,338	167,338		-
153,327	-	153,327		-
<u>3,266,351</u>	<u>(3,266,351)</u>	<u>-</u>		<u>-</u>
<u>5,167,762</u>	<u>(3,095,932)</u>	<u>2,071,830</u>		<u>3</u>
749,158	1,143,052	1,892,210		2,225
<u>7,921,578</u>	<u>14,690,220</u>	<u>22,611,798</u>		<u>2,833</u>
<u>\$ 8,670,736</u>	<u>\$ 15,833,272</u>	<u>\$ 24,504,008</u>		<u>\$ 5,058</u>

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2015**

	<b>General Fund</b>	<b>SPLOST Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b><u>Assets</u></b>				
Cash	\$ 209,741	\$ 439,693	\$ 225,142	\$ 874,576
Restricted Cash	13,031	-	-	13,031
Investments-Certificates of Deposit	1,261,098	-	-	1,261,098
Receivables-Net of Allowance for Uncollectible Accounts	145,487	-	108,577	254,064
Due from Other Funds	150,301	-	-	150,301
Due from Other Governments	35,494	-	-	35,494
Inventory	19,867	-	-	19,867
Prepaid Items	51,308	-	-	51,308
<b>TOTAL ASSETS</b>	<b>\$ 1,886,327</b>	<b>\$ 439,693</b>	<b>\$ 333,719</b>	<b>\$ 2,659,739</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 329,016	\$ -	\$ 61	\$ 329,077
Accrued Liabilities	63,429	-	-	63,429
Due to Other Funds	236,007	-	100	236,107
Deposits	14,214	-	-	14,214
<b>Total Liabilities</b>	<b>642,666</b>	<b>-</b>	<b>161</b>	<b>642,827</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unearned Revenue - Property Taxes	84,289	-	-	84,289
Unearned Revenue-GA DOT	-	-	64,905	64,905
<b>Total Deferred Inflows of Resources</b>	<b>84,289</b>	<b>-</b>	<b>64,905</b>	<b>149,194</b>
<b><u>Fund Balances</u></b>				
Nonspendable	85,874	-	-	85,874
Restricted	13,031	439,693	268,653	721,377
Unassigned	1,060,467	-	-	1,060,467
<b>Total Fund Balances</b>	<b>1,159,372</b>	<b>439,693</b>	<b>268,653</b>	<b>1,867,718</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,886,327</b>	<b>\$ 439,693</b>	<b>\$ 333,719</b>	<b>\$ 2,659,739</b>

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Governmental Funds**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,867,718

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Those assets consist of:

Land, Building and Improvements	\$ 7,867,437	
Machinery and Equipment	2,056,074	
Vehicles	1,853,053	
Infrastructure	2,605,794	
Accumulated Depreciation	<u>(4,840,000)</u>	

9,542,358

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Capital Leases	(1,083,054)	
Compensated Absences	<u>(126,276)</u>	

(1,209,330)

Certain revenues are not available to pay for current period expenditures and therefore are reported deferred inflows of resources in the governmental funds.

149,194

Deferred outflows of resources related to pension plan activity are not due and payable in the current period and therefore, are not reported in the governmental funds.

252,815

Deferred inflows of resources related to pension plan activity are not available to pay for current resources and therefore, are not reported in the governmental funds.

(407,367)

Net pension liability is not due and payable in the current period and therefore, is not reported in the governmental funds.

(1,524,652)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 8,670,736

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2015**

	<u>General Fund</u>	<u>SPLOST Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
Taxes-Net	\$ 1,716,112	\$ -	\$ 17,556	\$ 1,733,668
Charges for Services	66,146	-	-	66,146
Fines & Forfeitures	285,356	-	-	285,356
Licenses and Permits	67,187	-	-	67,187
Intergovernmental	85,072	432,880	313,874	831,826
Interest Income	26	1,825	3,386	5,237
Miscellaneous	153,327	-	-	153,327
Total Revenues	<u>2,373,226</u>	<u>434,705</u>	<u>334,816</u>	<u>3,142,747</u>
<b>EXPENDITURES</b>				
Current				
General Government	1,802,268	-	-	1,802,268
Public Safety	2,488,302	-	-	2,488,302
Public Works	858,822	-	-	858,822
Culture and Recreation	380,165	-	-	380,165
Community & Economic Development	60,150	-	60,448	120,598
Capital Outlay	-	284,044	262,920	546,964
Debt Service				
Principal	190,951	136,136	-	327,087
Interest	5,402	47,858	-	53,260
TOTAL EXPENDITURES	<u>5,786,060</u>	<u>468,038</u>	<u>323,368</u>	<u>6,577,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,412,834)	(33,333)	11,448	(3,434,719)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Transaction	-	-	-	-
Transfers In	3,273,351	-	-	3,273,351
Transfers Out	-	-	(7,000)	(7,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,273,351	-	(7,000)	3,266,351
NET CHANGE IN FUND BALANCES	(139,483)	(33,333)	4,448	(168,368)
FUND BALANCE - JULY 1, 2014	\$ 1,298,855	\$ 473,026	\$ 264,205	\$ 2,036,086
FUND BALANCE - JUNE 30, 2015	<u>\$ 1,159,372</u>	<u>\$ 439,693</u>	<u>\$ 268,653</u>	<u>\$ 1,867,718</u>

See accompanying notes to financial statements.



**CITY OF SYLVESTER, GEORGIA**  
**Governmental Funds**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Year Ended June 30, 2015**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ (168,368)

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

Governmental funds report capital outlay 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 of capital assets acquired in the current period. 777,869

Depreciation expense on capital assets is reported in the Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (279,627)

Pension 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 65,774

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

Deferred at June 30, 2015	\$ 149,194	
Deferred at June 30, 2014	(138,190)	11,004

Long-term compensated absences are reported in the Statement of Activities but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds.

Compensated Absences		
Liability at June 30, 2015	(126,276)	
Liability at June 30, 2014	141,695	15,419

The issuance of long-term debt provides current financial resources to Governmental Funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the Governmental Funds, but reduces long-term liabilities in the Statement of Net Position.

Long-term debt proceeds	-	
Long-term debt payments	327,087	327,087

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 749,158

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Natural Gas Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>ASSETS</b>					
<u>Current Assets</u>					
Cash	\$ 772,938	\$ 358,038	\$ 39,903	\$ 136,842	\$ 1,307,721
Investment - Certificate of Deposit	191,401	183,166	-	-	374,567
Investments	4,889,492	-	-	-	4,889,492
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	1,425,717	202,654	85,415	88,349	1,802,135
Restricted Cash	81,416	86,622	23,504	-	191,542
Restricted Certificate of Deposit	-	164,623	-	-	164,623
Due from Other Funds	246,585	97,717	2,690	-	346,992
Inventory	200,422	76,919	31,047	-	308,388
Due from Other Governments	-	-	-	9,442	9,442
<b>Total Current Assets</b>	<b>7,807,971</b>	<b>1,169,739</b>	<b>182,559</b>	<b>234,633</b>	<b>9,394,902</b>
<u>Noncurrent Assets</u>					
Capital Assets					
Nondepreciable Capital Assets	-	348,235	2,500	1,145,422	1,496,157
Depreciable Capital Assets	4,148,201	15,816,431	1,154,008	801,587	21,920,227
Accumulated Depreciation	(2,754,868)	(8,229,188)	(971,227)	(519,137)	(12,474,420)
<b>Total Noncurrent Assets</b>	<b>1,393,333</b>	<b>7,935,478</b>	<b>185,281</b>	<b>1,427,872</b>	<b>10,941,964</b>
<b>TOTAL ASSETS</b>	<b>9,201,304</b>	<b>9,105,217</b>	<b>367,840</b>	<b>1,662,505</b>	<b>20,336,866</b>

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Natural Gas Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>LIABILITIES</b>					
<u>Current Liabilities</u>					
Accounts Payable	\$ 681,890	\$ 42,300	\$ 32,378	\$ 68,008	\$ 824,576
Notes Payable	-	111,389	-	-	111,389
Accrued Expenses	34,576	7,105	5,754	14,801	62,236
Due to Other Funds	72,098	64,273	37,924	86,891	261,186
Customer Deposits	78,599	75,775	22,205	-	176,579
<b>Total Current Liabilities</b>	<b>867,163</b>	<b>300,842</b>	<b>98,261</b>	<b>169,700</b>	<b>1,435,966</b>
<u>Long-Term Liabilities</u>					
Notes Payable	-	3,038,055	-	-	3,038,055
Accrued Vacation	13,195	13,189	2,389	-	28,773
<b>Total Long-Term Liabilities</b>	<b>13,195</b>	<b>3,051,244</b>	<b>2,389</b>	<b>-</b>	<b>3,066,828</b>
<b>TOTAL LIABILITIES</b>	<b>880,358</b>	<b>3,352,086</b>	<b>100,650</b>	<b>169,700</b>	<b>4,502,794</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Revenues	-	-	-	800	800
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,393,333	4,786,034	185,281	1,427,872	7,792,520
Restricted for Debt Service	-	164,623	-	-	164,623
Unrestricted	6,927,613	802,474	81,909	64,133	7,876,129
<b>TOTAL NET POSITION</b>	<b>\$ 8,320,946</b>	<b>\$ 5,753,131</b>	<b>\$ 267,190</b>	<b>\$ 1,492,005</b>	<b>\$ 15,833,272</b>

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Natural Gas Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Operations	\$ 11,069,018	\$ 1,857,728	\$ 1,322,292	\$ 1,145,998	\$ 15,395,036
<b>OPERATING EXPENSES</b>					
Operating Expenses	8,080,731	1,100,463	905,606	695,490	10,782,290
Depreciation	103,801	374,450	18,428	58,039	554,718
<b>TOTAL OPERATING EXPENSES</b>	<b>8,184,532</b>	<b>1,474,913</b>	<b>924,034</b>	<b>753,529</b>	<b>11,337,008</b>
<b>OPERATING INCOME</b>	<b>2,884,486</b>	<b>382,815</b>	<b>398,258</b>	<b>392,469</b>	<b>4,058,028</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Income	2,274	762	45	-	3,081
Interest Expense	-	(89,972)	-	-	(89,972)
Principal Forgiveness on Long-Term Debt	-	40,278	-	-	40,278
Capital Grant	-	-	-	230,650	230,650
Market Gain on Investments	167,338	-	-	-	167,338
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>169,612</b>	<b>(48,932)</b>	<b>45</b>	<b>230,650</b>	<b>351,375</b>
Income Before Transfers	3,054,098	333,883	398,303	623,119	4,409,403
Transfers In	-	-	-	11,360	11,360
Transfers Out	(1,907,711)	(555,000)	(415,000)	(400,000)	(3,277,711)
<b>CHANGE IN NET POSITION</b>	<b>1,146,387</b>	<b>(221,117)</b>	<b>(16,697)</b>	<b>234,479</b>	<b>1,143,052</b>
<b>NET POSITION - JULY 1, 2014</b>	<b>7,174,559</b>	<b>5,974,248</b>	<b>283,887</b>	<b>1,257,526</b>	<b>14,690,220</b>
<b>NET POSITION - JUNE 30, 2015</b>	<b>\$ 8,320,946</b>	<b>\$ 5,753,131</b>	<b>\$ 267,190</b>	<b>\$ 1,492,005</b>	<b>\$ 15,833,272</b>

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Natural Gas Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 10,839,413	\$ 1,841,361	\$ 1,307,407	\$ 1,147,012	\$ 15,135,193
Cash Payments to Suppliers	(7,573,830)	(747,579)	(788,049)	(729,133)	(9,838,591)
Cash Paid to Employees	(496,272)	(355,122)	(131,713)	-	(983,107)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,769,311</b>	<b>738,660</b>	<b>387,645</b>	<b>417,879</b>	<b>4,313,495</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payments from Other Funds	-	-	-	12,319	12,319
Payments to Other Funds	(2,015,711)	(493,673)	(396,141)	(352,569)	(3,258,094)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(2,015,711)</b>	<b>(493,673)</b>	<b>(396,141)</b>	<b>(340,250)</b>	<b>(3,245,775)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase and Construction of Capital Assets	(181,672)	(326,435)	-	(243,186)	(751,293)
Capital Grants Received	-	-	-	230,650	230,650
Principal Paid on Capital Debt	-	(108,291)	-	-	(108,291)
Interest Paid on Capital Debt	-	(89,972)	-	-	(89,972)
Proceeds from Long Term Debt	-	402,776	-	-	402,776
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(181,672)</b>	<b>(121,922)</b>	<b>-</b>	<b>(12,536)</b>	<b>(316,130)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of Investments	-	-	-	-	-
Purchase of Investments	(291,671)	-	-	-	(291,671)
Interest Received	2,274	762	45	-	3,081
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(289,397)</b>	<b>762</b>	<b>45</b>	<b>-</b>	<b>(288,590)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	282,531	123,827	(8,451)	65,093	463,000
CASH AND CASH EQUIVALENTS - JULY 1, 2014	763,224	668,622	71,858	71,749	1,575,453
CASH AND CASH EQUIVALENTS - JUNE 30, 2015	<u>\$ 1,045,755</u>	<u>\$ 792,449</u>	<u>\$ 63,407</u>	<u>\$ 136,842</u>	<u>\$ 2,038,453</u>
Displayed As:					
Restricted Assets	\$ 81,416	\$ 40,278	\$ 23,504	\$ -	\$ 145,198

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year End June 30, 2015**

	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Natural Gas Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating Income	\$ 2,884,486	\$ 382,815	\$ 398,258	\$ 392,469	\$ 4,058,028
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	103,801	374,450	18,428	58,039	554,718
(Increase) Decrease in Assets:					
Accounts Receivable	(229,813)	(16,232)	(15,705)	214	(261,536)
Inventory	24,434	-	-	-	24,434
Due from Other Funds	-	-	-	-	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:					
Accounts Payable	(5,741)	242	(9,012)	(33,643)	(48,154)
Accrued Liabilities	6,627	(1,816)	(4,294)	-	517
Unearned Revenues	-	-	-	800	800
Customer Deposits	208	(135)	820	-	893
Accrued Vacation	(14,691)	(664)	(850)	-	(16,205)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,769,311</b>	<b>\$ 738,660</b>	<b>\$ 387,645</b>	<b>\$ 417,879</b>	<b>\$ 4,313,495</b>
<b>Noncash Investing, Capital and Financing Activities</b>					
Principal Forgiveness on Capital Debt	\$ -	\$ 40,278	\$ -	\$ -	\$ 40,278
Increase in Fair Value of Investments	\$ 167,338	\$ -	\$ -	\$ -	\$ 167,338

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Agency Funds**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2015**

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**ASSETS**

Cash	\$ 3,304
	<u>                    </u>
TOTAL ASSETS	<u>\$ 3,304</u>

**LIABILITIES**

Due to Other Governments	\$ 3,304
	<u>                    </u>
TOTAL LIABILITIES	<u>\$ 3,304</u>

See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Component Unit**  
**Statement of Net Position**  
**June 30, 2015**

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**ASSETS**

Cash \$ 5,058

TOTAL ASSETS \$ 5,058

**LIABILITIES**

Liabilities \$ -

**NET POSITION**

Restricted:  
Downtown Development \$ 5,058

TOTAL NET POSITION \$ 5,058

See accompanying notes to financial statements.



**CITY OF SYLVESTER, GEORGIA**  
**Component Unit**  
**Statement of Activities**  
**Year Ended June 30, 2015**

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**EXPENSES**

Program Costs	<u>\$ 4,805</u>
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TOTAL EXPENSES	<u>4,805</u>
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**REVENUES**

Program Revenues	<u>7,027</u>
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Net Program Revenue	2,222
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**GENERAL REVENUES**

Investment Earnings	3
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CHANGE IN NET POSITION	2,225
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NET POSITION-JULY 1, 2014	<u>2,833</u>
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NET POSITION-JUNE 30, 2015	<u><u>\$ 5,058</u></u>
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See accompanying notes to financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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The City of Sylvester, Georgia (the City) is a political subdivision of the State of Georgia. The City is governed by an elected body of five City Council members. The City's major services include general government, public safety, public works, and culture and recreation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental and financial reporting. The City does not follow subsequent private-sector guidance for enterprise funds.

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

**A. REPORTING ENTITY**

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

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

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

**Discretely Presented Component Unit:**

**Sylvester Downtown Development Authority (DDA)** – Members of the governing board of the DDA are appointed by the City Council. Also, the DDA is fiscally dependent upon the City. Separate financial statements of the component unit may be obtained from:

Sylvester Downtown Development Authority  
P.O. Box 370  
Sylvester, GA 31791

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**Related Organizations:**

**The City of Sylvester And Worth County Recreation Authority (SWRA)** – Members of the governing board of the SWRA are appointed jointly by the City Council and the Worth County governing body. It does not meet any other of the reporting entity criteria. The City provides funding of \$100,000 per year to the organization.

**The City of Sylvester, Georgia Housing Authority (the Authority)** –The Authority was established under federal laws to carry on activities within the city of Sylvester. The City appoints board members at the recommendation of the existing board, but the City’s accountability for the Authority does not extend beyond making the appointments. Separate audited financial statements of the Authority may be obtained from:

City of Sylvester Housing Authority  
411 N. Jefferson Street  
Sylvester, Georgia 31791

The City provides gasoline and security services to the Authority, which are billed to the Authority at an amount that approximates the City’s cost of providing those items. This basis for billing has been used by the City consistently over the years to determine the amount of revenues and expenditures arising from quasi-external transactions.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide Financial Statements** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information on all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. 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 primary government and the component unit are presented separately within these financial statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function of segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

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

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 Funds** - 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. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. All other revenue items are considered to be measurable and available only when cash is received. The City considers taxes as available in the period for which they were levied if they are collected within 60 days of the year end. A 90 day availability period is used for revenue recognition for all other governmental fund revenues.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Intergovernmental revenues are susceptible to accrual based on the compliance, legal, and contractual requirements of the individual programs. There are essentially two types of these revenues. For one type of revenue, monies must be expended for a specific purpose of project and revenues are recognized to the extent of such expenditures. Revenues of this type are deferred for monies received in advance of expenditures and accrued for expenditures in advance of monies received. For the other type of revenues, monies are virtually unrestricted as to the purpose of the expenditure. These resources are recognized as revenues when received, or earlier if susceptible to the accrual criteria.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The City reports the following major governmental funds:

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

*SPLOST Capital Project Fund* – The Special Purpose Local Option Sales Tax Fund is used to account for projects supported by the special purpose local option sales tax including construction of roads, sidewalks, water and sewer system improvements, and construction of municipal buildings. This fund is a capital projects type fund.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**Proprietary Funds** – Proprietary funds are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred. 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 proprietary funds are charges to customers for services. The Water and Sewer Fund and Natural Gas Fund also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds 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, including capital grants, investments earnings, and interest expense.

The City reports the following major proprietary funds:

*Electric Fund* – This fund accounts for charges for electric use by City residents and expenses for the maintenance and upgrading of the electric system.

*Water and Sewer Fund* – This fund accounts for charges for water and sewer use by City residents and expenses for the maintenance and upgrading of the water and sewer system.

*Gas Fund* – This fund accounts for charges for natural gas use by City residents and expenses for the maintenance and upgrading of the natural gas system.

**Fiduciary Funds** – The City’s fiduciary funds are limited to agency funds which have no measurement focus, but use the accrual basis of accounting to recognize receivables and payables. Because, by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The City reports the following fiduciary funds:

*Utility Energy Crisis Fund* – This agency fund accounts for the intergovernmental payments of utility bills for certain qualified customers.

*Downtown Sylvester Farmer’s Market* – This agency fund accounts for the operations of the local farmer’s market through collection of fees and payments of expenses.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

As set forth in the City Charter, the City Council adopts an annual budget for the general fund, the special revenue funds, and the proprietary funds. The annual budget for the general fund, special revenue funds and for the proprietary funds is adopted under a basis consistent with GAAP. Each fund’s appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. The Council approved supplemental appropriations during the year. Project budgets are adopted for the Capital Project Fund.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**E. ENCUMBRANCES**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the Governmental funds.

**F. CASH AND INVESTMENTS**

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposit accounts, amounts with fiscal agents, and investments with an original maturity of three months or less.

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

- Obligations of the State of Georgia or of other states
- Obligations issued by the U.S. government
- Obligations fully insured or guaranteed by the U.S. government of a government agency
- Obligations of any corporation of the U.S. government
- Prime bankers' acceptances
- The State of Georgia local government investment pool
- Repurchase agreements
- Obligations of other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of state or U.S. obligations.

Investments are stated at fair value based on quoted market prices. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities in the current period. All interest revenue related to investment activities is recorded in the respective fund holding the investment.

**G. RECEIVABLES**

All trade and property tax receivables are reported net of all allowance for uncollectible accounts, where applicable. Unbilled utility charges are accrued as receivables and revenue at June 30, 2015. The delinquent taxes receivable account represents the past seven years of uncollected tax levies.

**H. INVENTORIES**

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

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when purchased (i.e., the purchases method). For governmental funds, a corresponding amount of fund balance is designated as nonspendable for inventory. Inventories of the proprietary funds are expensed when consumed.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**I. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items at both reporting levels using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level for governmental funds a corresponding amount of fund balance is designated as nonspendable for prepaid items.

**J. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or loans. These receivables and payables are classified as internal balances.

**K. CAPITAL ASSETS**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of roads, curbs and gutters, sidewalks, bridges, drainage, traffic signals, water and sewer lines, natural gas lines, telecommunication lines and the electric distribution systems. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the proprietary funds is capitalized.

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Estimated Useful Lives</u>	<u>Capitalization Threshold</u>
Plant, Building, and Improvements	5 – 40 Years	\$ 3,000
Machinery and Equipment	5 – 15 Years	\$ 3,000
Furniture and Fixtures	5 – 20 Years	\$ 3,000
Vehicles	3 – 10 Years	\$ 3,000
Infrastructure	40 Years	\$ 20,000

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**L. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arise 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 property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**M. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

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

**N. COMPENSATED ABSENCES**

It is the policy of the City to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “when due.”



**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**O. FUND EQUITY**

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

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

- *Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the city council through the adoption of a resolution. The city council also may modify or rescind the commitment.
- *Assigned* – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The intent can be expressed by either the highest level of decision making, or by a body or an official to which the city council has delegated the authority. The city manager has authority to express assignments.
- *Unassigned* – Fund balances are reported as unassigned as the residual amounts which cannot be properly classified in one of the other four categories.

**Flow Assumptions** – 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 needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**Net Position** – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

- *Net investment in capital assets* – consists of capital assets net accumulated depreciation, and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets.
- *Restricted net position* – This amount is restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.
- *Unrestricted net position* – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**P. PROPERTY TAX REVENUES**

Property taxes are levied on October 1 and are due on December 20. The City contracts with the Worth County tax office for the billing and collection of its property taxes. Collections of taxes are made throughout the year. Liens may attach to property for unpaid taxes after the due date of December 20.

**Q. LEASE REVENUE**

The Airport Fund leases its property to an operator under a lease agreement at \$400 per month. This lease is classified as an operating lease.

**R. PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from GMEBS's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**S. POST-EMPLOYMENT HEALTH CARE BENEFITS**

**Retiree Benefits:**

The City provides post-retirement term life insurance to its employees who retire from the City. See Note 16 for additional details.

**COBRA Benefits:**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the fifth (5<sup>th</sup>) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program, and no participants were in the program as of June 30, 2015.

**T. ESTIMATES**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Comparative total data for the prior year has not been presented in the accompanying financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**NOTE 2 – LEGAL COMPLIANCE - BUDGETS**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before the last Monday in May of each year, all departments of the City submit requests for appropriation to the City’s mayor so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.
- Before June 15, the proposed budget is presented to the City’s council for review. The City’s council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City’s mayor of the revenue estimates must be changed by an affirmative vote of majority of the City’s council.

Results of operations are presented on the budgetary basis at the legal level of control in the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund in order to provide a meaningful comparison of actual results with the budget.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Total cash and cash equivalents as of June 30, 2015 consisted of the following:

<u>Primary Government Fund Reporting Level</u>	<u>Cash and Cash</u> <u>Equivalents</u>
Governmental Funds - Balance Sheet	\$ 2,135,674
Governmental Funds - Balance Sheet - Restricted	13,031
Proprietary Fund Type Statement of Net Position	1,682,288
Proprietary Fund Type Statement of Net Position - Restricted	356,165
Statement of Fiduciary Assets and Liabilities	<u>3,304</u>
Total	<u>\$ 4,190,462</u>

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

***Investments***

For fiscal year 2015, the City invested in certificates of deposits and obligations of the U.S. Government or its agencies and instrumentalities. All investments in obligations of the U.S. Government are held in an internal investment pool – MEAG Flexible Operating Account.

As of June 30, 2015, the City had the following investments:

<u>Investment Types</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Government Obligations	less than 28 days	\$ 141,338
	less than 1 year	2,543,236
	1 to 5 years	810,443
	6 to 10 years	332,573
Municipal Bonds	1 to 5 years	510,676
	6 to 10 years	118,663
	more than 10 years	352,532
MEAG Note	more than 10 years	80,031
Bank Certificates of Deposit	various	<u>1,800,288</u>
<b>TOTAL INVESTMENTS</b>		<b><u>\$ 6,689,780</u></b>

***Credit Risk***

The City limits its credit risk by investing the majority of its investments in U.S. government agencies which are rated AAA.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, the City's investment policy has been established to structure the investment portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity as well as investing operating funds primarily in short-term securities, money market funds, certificates of deposit or similar investment pools.

***Custodial Credit Risk***

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

As of June 30, 2015, all of the City's bank deposits were covered either by FDIC coverage or collateralized with securities held by the City's agent in the City's name.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

The City's U.S. government agency securities have varying maturities as listed above which range from July 2, 2015 through October 1, 2040. The weighted average maturity of the investments is less than 365 days.

***Concentration of Credit Risk***

GASB Statement 40 requires disclosure when the percent of investment is 5% or more in any one issuer. The City's investments consist of the following as of June 30, 2015:

Municipal Bonds	14.68%
Bank Certificates of Deposit	26.91%
Federal Home Loan Bank	24.57%

Given the restriction to the highest rating, the concentration is not considered to be an additional risk to the City.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2015, for the City's individual major funds and non-major funds in the aggregate, including the related allowance for uncollectible accounts, are as follows:

	<u>General</u> <u>Fund</u>	<u>Electric</u> <u>Fund</u>	<u>Water and</u> <u>Sewer</u> <u>Fund</u>	<u>Natural</u> <u>Gas</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Non-Major</u> <u>Enterprise</u> <u>Fund</u>	<u>Total</u>
Receivables							
Taxes	\$ 96,207	\$ -	\$ -	\$ -	\$ 1,765	\$ -	\$ 97,972
Accounts	35,157	1,435,717	205,154	86,415	-	89,849	1,852,292
Notes	-	-	-	-	106,812	-	106,812
Other Governments	35,494	-	-	-	-	9,442	44,936
Other	14,700	-	-	-	-	-	14,700
Gross Receivables	181,558	1,435,717	205,154	86,415	108,577	99,291	2,116,712
Less: Allowance for uncollectibles	(577)	(10,000)	(2,500)	(1,000)	-	(1,500)	(15,577)
Net Receivables	<u>\$ 180,981</u>	<u>\$ 1,425,717</u>	<u>\$ 202,654</u>	<u>\$ 85,415</u>	<u>\$ 108,577</u>	<u>\$ 97,791</u>	<u>\$ 2,101,135</u>

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the proprietary funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

**NOTE 5 – RESTRICTED ASSETS**

Restricted assets represent resources segregated as required by grant agreements, lease agreements, and policies of the City.

Certain proprietary fund resources are restricted for service of long-term debt and customer deposits. Restricted net position includes the excess of assets over certain liabilities restricted for the debt service on capital assets.

**NOTE 6 – CAPITAL ASSETS**

The following is a summary of capital asset activity for the year ended June 30, 2015:

<b>Governmental Activities</b>	<u>Balance</u> <u>7/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2015</u>
Capital assets not being depreciated:				
Land	\$ 769,904	\$ -	\$ -	\$ 769,904
Construction in progress	65,776	398,570	-	464,346
<b>Total capital assets not being depreciated</b>	<u>835,680</u>	<u>398,570</u>	<u>-</u>	<u>1,234,250</u>
Capital assets being depreciated:				
Plant, buildings, improvements	6,613,102	20,085	-	6,633,187
Machinery and equipment	2,038,859	17,215	-	2,056,074
Vehicles	1,739,974	113,079	-	1,853,053
Infrastructure	2,376,874	228,920	-	2,605,794
<b>Total capital assets being depreciated</b>	<u>12,768,809</u>	<u>379,299</u>	<u>-</u>	<u>13,148,108</u>
Less accumulated depreciation:				
Plant, building, improvements	(2,008,751)	(161,738)	-	(2,170,489)
Machinery and equipment	(1,431,373)	(55,347)	-	(1,486,720)
Vehicles	(926,889)	(33,544)	-	(960,433)
Infrastructure	(193,360)	(28,998)	-	(222,358)
<b>Total accumulated depreciation</b>	<u>(4,560,373)</u>	<u>(279,627)</u>	<u>-</u>	<u>(4,840,000)</u>
<b>Net capital assets being depreciated</b>	<u>8,208,436</u>	<u>99,672</u>	<u>-</u>	<u>8,308,108</u>
<b>Total Capital Assets, Net</b>	<u>\$ 9,044,116</u>	<u>\$ 498,242</u>	<u>\$ -</u>	<u>\$ 9,542,358</u>

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

Depreciation expense of the General Fund was charged to governmental functions as follows:

General Government	\$	34,859
Public Safety		155,050
Public Works		80,386
Culture and Recreation		9,163
Community and Economic Development		<u>169</u>
 Total	 \$	 <u><u>279,627</u></u>

<b>Business-Type Activities</b>	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
Capital assets not being depreciated:				
Land	\$ 271,600	\$ -	\$ -	\$ 271,600
Construction in progress	654,936	569,621	-	1,224,557
<b>Total capital assets not being depreciated</b>	<u>926,536</u>	<u>569,621</u>	<u>-</u>	<u>1,496,157</u>
Capital assets being depreciated:				
Plant, buildings, improvements	19,881,487	-	-	19,881,487
Machinery and equipment	1,090,918	-	-	1,090,918
Vehicles	767,242	181,672	-	948,914
<b>Total capital assets being depreciated</b>	<u>21,739,647</u>	<u>181,672</u>	<u>-</u>	<u>21,921,319</u>
Less accumulated depreciation:				
Plant, buildings, improvements	(10,377,890)	(484,683)	-	(10,862,573)
Machinery and equipment	(943,077)	(24,845)	-	(967,922)
Vehicles	(599,827)	(45,190)	-	(645,017)
<b>Total accumulated depreciation</b>	<u>(11,920,794)</u>	<u>(554,718)</u>	<u>-</u>	<u>(12,475,512)</u>
<b>Net capital assets being depreciated</b>	<u>9,818,853</u>	<u>(373,046)</u>	<u>-</u>	<u>9,445,807</u>
<b>Total Capital Assets, Net</b>	<u><u>\$ 10,745,389</u></u>	<u><u>\$ 196,575</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,941,964</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

**NOTE 7 – OPERATING LEASES**

The City leases copiers and a postage machine under operating leases expiring in various years through 2019. Total costs for such leases were approximately \$13,973 for the year ended June 30, 2015.

The future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015 are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Amounts</u>
2016	\$ 4,033
2017	2,556
2018	2,418
2019	300
2020	<u>-</u>
Total minimum future rental payments	<u>\$ 9,307</u>

**NOTE 8 – LONG – TERM LIABILITIES**

***CHANGES IN LONG-TERM LIABILITIES***

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Capital leases	\$ 1,410,141	\$ -	\$ (327,087)	\$ 1,083,054	\$ 211,552
Compensated absences	141,695	12,753	(28,172)	126,276	-
Total Governmental Activities	<u>1,551,836</u>	<u>12,753</u>	<u>(355,259)</u>	<u>1,209,330</u>	<u>211,552</u>
Compensated absences are liquidated by the General Fund.					
<b>Business-Type Activities</b>					
Notes Payable	\$ 2,895,237	\$ 402,776	\$ (148,569)	\$ 3,149,444	\$ 111,389
Compensated absences	44,978	5,847	(22,052)	28,773	-
Total Business-Type Activities	<u>\$ 2,940,215</u>	<u>\$ 408,623</u>	<u>\$ (170,621)</u>	<u>\$ 3,178,217</u>	<u>\$ 111,389</u>

Compensated absences are liquidated by the Electric Fund, the Water and Sewer Fund, and the Natural Gas Fund.



**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

**NOTES PAYABLE**

The City had the following notes payable as of June 30, 2015:

**Business-Type Activities**

Georgia Environmental Facilities Authority dated June 27, 2007 for \$1,532,885 to be used for improvements to the Isabella water system. Loan is to be repaid in 240 monthly installments of \$9,224 including interest at 3.92% beginning November 1, 2010. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - \$1,274,211

Georgia Environmental Facilities Authority dated June 27, 2007 for \$570,139 to be used for the Isabella water system extension. Loan is to be repaid in 240 Monthly installments of \$2,376 with no interest, beginning March 1, 2010. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - \$418,102

Georgia Environmental Facilities Authority dated October 6, 2011 for \$549,000 to be used for water and sewer system improvements. Loan is to be repaid in 240 monthly installments of \$3,272 including interest at 3.81%, beginning May 1, 2012. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - \$487,316

Georgia Environmental Facilities Authority dated June 26, 2015 for up to \$1,569,500 to be used for water and sewer system improvements. Loan is to be repaid in 239 monthly installments of \$3,021 including interest at 1.82%, beginning January 1, 2016. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - \$969,815

The following schedule represents the annual requirements to amortize all notes payable outstanding as of June 30, 2015.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 111,389	\$ 84,729	\$ 196,118
2017	155,507	81,047	236,554
2018	159,643	76,911	236,554
2019	163,955	72,599	236,554
2020	168,399	68,155	236,554
2021-2025	914,982	267,788	1,182,770
2026-2030	1,043,983	129,285	1,173,268
2031-2035	378,822	20,501	399,323
2036-2040	52,764	481	53,245
Total	<u>\$ 3,149,444</u>	<u>\$ 801,496</u>	<u>\$ 3,950,940</u>

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

**NOTE 9 - CAPITAL LEASES**

The City has entered into capital lease agreements as lessee for financing the acquisition of a police building, police equipment, street equipment, vehicles, and a fire truck. These leases qualify as capital leases for accounting purposes (i.e., title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the lease. These capital leases are financed from General Fund resources. Amortization of assets recorded under capital leases is included with depreciation expense of the General Government, Public Safety, and Public Works functions of the City.

The net book value of assets acquired through capital leases is as follows:

Buildings	\$	2,125,778
Equipment and Vehicles		1,142,991
		\$ 3,268,769
Less: Accumulated depreciation		(668,252)
Carrying Value	\$	2,600,517

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

	Year Ended June 30	Total
	2016	\$ 256,066
	2017	209,478
	2018	183,994
	2019	183,994
	2020	183,994
	2021-2025	214,659
Total minimum lease payments		1,232,185
Less amounts representing interest		(149,131)
Present value of minimum capital lease payments		\$ 1,083,054

**NOTE 10 - INTERNAL BALANCES**

Internal balances consist of transactions to alleviate cash deficits at year-end. The composition of internal balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Due Within</u> <u>One Year</u>
General	Water and Sewer	\$ 64,273	\$ 64,273
Water and Sewer	Natural Gas	25,618	25,618
General	Airport	26,217	26,217
General	Telecommunications	56,552	56,552
Electric	General	233,317	233,317
Electric	Natural Gas	12,305	12,305
Electric	Airport	963	963
Water and Sewer	Electric	72,098	72,098
General	Designated Grant	100	100
General	Solid Waste	3,160	3,160
Natural Gas	General	2,690	2,690
Total		\$ 497,293	\$ 497,293

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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**NOTE 11 - INTERNAL TRANSFERS**

Individual fund transfers for operating purposes and capital projects for the current year were as follows:

<u>Receivable Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General	Natural Gas	\$ 415,000
General	Electric	1,896,251
General	Water & Sewer	555,000
General	Solid Waste	80,000
General	Hotel/Motel	7,100
General	Telecommunications	320,000
Airport	Electric	11,360
Total		<u>\$ 3,284,711</u>

**NOTE 12 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

It is the opinion of the City's management that the legal actions in progress by or against the City at June 30, 2015 are at a stage in the proceedings in which an opinion as to the probable outcomes cannot be determined. The City is vigorously defending its positions.

*MEAG* – The City, together with 47 other cities and one county in the State, has entered into Power Sales Contracts dated March 1, 1976 with the Municipal Electric Authority of Georgia (MEAG) under which the City purchases certain power and energy for resale to its electric system customers. Under the contract entitlement, if the City were unable to purchase budgeted power, MEAG would be obligated to make a good faith effort to sell the power elsewhere. If MEAG were unable to sell the power at a price above its cost, the difference would be an obligation of the City. The contracts are agreements to pay the cost of generating power budgeted for the City. The obligation to pay MEAG certain amounts, whether or not power and energy are received, is a general obligation of the City to which its full faith and credit are pledged. If payments under the Power Sales Contracts are not made from revenues of the electric distribution system, the City is required under the contracts to include in its general revenue or appropriation measures sums sufficient together with other available revenues to make such payments. During the fiscal year, the City purchased electric power under these contracts for a total cost of \$7,155,532.

On February 22, 1999, the City approved a resolution adopting the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers (governments) who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between “after deregulation” market rates for power and the associated costs of generating that power.

The Trust created three types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of June 30,

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

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2015, the balance in this account was \$4,889,492. This amount is included in cash and investments in the Electric Fund.

The two additional accounts created were the credit support operating account and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can be only applied to charges related of MEAG's bond obligations. The balance of these accounts at June 30, 2015 was \$1,734,317 and \$1,609,892, respectively. Due to the restrictive nature of these funds, neither is shown in the cash balance for the electric fund.

**NOTE 13 - RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of 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 this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund 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 investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

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

The City purchases commercial insurance for all other risks of loss other than the workers compensation covered under the risk pool.

The City has a self-insurance program for medical claims, which is accounted for in the General Fund. The purpose of the program is to pay medical claims for City employees and their covered dependents and to minimize the total cost of medical insurance to the City. The City purchases stop loss insurance in order to limit their risk management cost.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

**NOTE 14 - JOINT VENTURES**

The City has the following joint ventures:

**MEAG and MGAG** – The City is a participant in the Municipal Electric Authority of Georgia (MEAG) and the Municipal Gas Authority of Georgia (MGAG). Under such arrangements, the City has a contractual obligation to purchase the majority of its electricity and natural gas from said entities. Because the City does not have any significant control over the budgeting, financing and election of officers and management of MEAG and MGAG, their results of operation and financial position have not been included in the City's financial statements.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements - Continued**  
**For the Year Ended June 30, 2015**

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Also, the City has not reflected participation under the equity method of accounting. Separate financial statements of each entity may be obtained from:

Municipal Electric Authority of Georgia  
1470 Riveredge Parkway, NW  
Atlanta, Georgia 30328

Municipal Gas Authority of Georgia  
104 Town Park Drive  
Kennesaw, Georgia 30144

During the fiscal year ended June 30, 2015, the City purchased \$7,162,835 of its electricity from MEAG, with accounts payable of \$654,889 to MEAG at June 30, 2015.

During the fiscal year ended June 30, 2015, the City purchased \$669,393 of its gas from MGAG, with accounts payable of \$32,324 to MGAG at June 30, 2015.

**Southwest Georgia Regional Commission** – Under Georgia law, the City, in conjunction with other cities and counties in the fourteen county Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (the Commission). Membership in the Commission is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission. The Commission board membership includes the chief elected official of each county and municipality of the area. The City is required to pay annual dues to the Commission and paid \$5,183 in such dues during the year ended June 30, 2015.

OCGA 50-5-39.1 provides that member governments are liable for any debts or obligations of a Commission. The Commission revenues are sufficient to cover its operating costs and the City does not expect the entity to dissolve in the foreseeable future. The Commission is neither accumulating significant financial resources nor experiencing fiscal stress that may cause an additional financial benefit to or burden upon the City. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission  
30 West Broad Street  
Camilla, GA 31730

**NOTE 15 – PENSION PLAN**

***Plan Description***

The City has a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Sylvester Retirement Plan (the Plan) is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governments in the municipalities in Georgia. Regulations of the State of Georgia assign the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for the City of Sylvester Retirement Plan that authority rests with the City of Sylvester, Georgia. All full-time employees participate in the Plan upon employment and all elected officials who hold office on or after February 1, 2008 participate in the plan. Benefits vest after 10 years of credited service. City employees can retire at or after age 65 with five years of credited service or after age 50 with 30 years of credited service. There is no maximum employee entry age. The benefit formula is 1.5% of final average earnings up to the amount of covered compensation, plus 2.25% of final average earnings in excess of said covered compensation, multiplied by years of total credited service as an eligible regular employee. Elected officials can retire at the earlier of age 65 or 50 with 30 years of service. The monthly normal retirement benefit for elected officials is \$20 per month for each year of total credited service as an elected official.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

As of June 30, 2015, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	48
Terminated plan members entitled to, but not yet receiving benefits	17
Active plan participants	78
Total	143

GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City of Sylvester Retirement Plan. That report may be obtained by writing to:

Georgia Municipal Association  
The Burgess Building  
201 Pryor Street, SW  
Atlanta, GA 30303-3606

***Funding Policy***

The City's policy is to contribute the actuarially determined amount as recommended by GMEBS. The City makes all contributions to the Plan. The City is required to contribute at an actuarially determined rate; the current rate is 11.53% of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by the GMEBS Board of Trustees.

***GASB 68 Implementation***

Effective July 1, 2014, the City implemented the provisions of GASB 68, as required by the Governmental Accounting Standards Board. In conjunction with the implementation of Government Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB Statement No. 68*, the City is required to change its accounting treatment of pensions. The new standard establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

***Changes in the Net Pension Liability***

	<b>Total Pension Liability (TPL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net Pension Liability (NPL) (a) - (b)</b>
Balance at June 30, 2014	\$ 7,689,416	\$ 5,588,520	\$ 2,100,896
Changes for the year:			
Service cost	143,056	-	143,056
Interest	581,530	-	581,530
Differences between expected and actual experience	(245,155)	-	(245,155)
Contributions - employer	-	351,208	(351,208)
Contributions - employee	-	-	-
Net investment income	-	637,350	(637,350)
Benefit payments, including refunds of employee contributions	(371,608)	(371,608)	-
Administrative expense	-	(11,697)	11,697
Other	(78,814)	-	(78,814)
Net changes	29,009	605,253	(576,244)
Balances at June 30, 2015	\$ 7,718,425	\$ 6,193,773	\$ 1,524,652

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

***Pension Expense***

<b>Pension expense for the year ended June 30, 2015</b>	
Service cost	\$ 143,056
Interest on TPL	581,530
Employee contributions	-
Administrative expense	11,697
Expected return on assets	(431,867)
Expensed portion of current year period differences between expected and actual experience on TPL	(61,288)
Expensed portion of current year period assumption changes	(19,702)
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(41,095)
Current year recognition of deferred inflows and outflows established in prior years	-
Total expense	\$ 182,331

***Deferred Outflows/Inflows of Resources Related to Pensions***

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Diffences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	59,112
Net difference between projected and actual earnings on pension plan investments	-	348,255
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to measurement date	252,815	-
Total	\$ 252,815	\$ 407,367

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (122,090)
2017	(122,090)
2018	(122,090)
2019	(41,097)
2020	-

***Discount Rate***

The discount rate used to measure the collective total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Employer's proportionate share of the net liability	\$ 2,473,119	\$ 1,524,652	\$ 736,240

***Actuarial Methods and Assumptions***

Valuation Date	January 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies from the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
<b>Actuarial Assumptions:</b>	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus age and service based merit increases
Cost of Living Adjustments	0.00%
Inflation Rate	3.25%
<b>Mortality Rates:</b>	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-district rates, set forward two years for males and one year for females.
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-district rates,
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table
<b>Retirement Rates:</b>	
Employees	Earlier of 65 with 5 years of service and 50 with 30 years of service.
Officials	Earlier of 65 and 50 with 30 years of service
Retirement age for inactive vested participants	65
Form of Payment	Life annuity
Administrative Expense	\$5,000 plus \$50 per active participant, plus 0.05% of the market value of assets.



**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

*Georgia Municipal Employees Benefit System*

Summary of Plan Provisions for January 1, 2015 Valuation:

Employer	City of Sylvester
Social Security	Yes
Participant Contributions	Noncontributory
Original Effective date	Employees: 7-7-72 Officials: 6-1-79 (Officials who come into office after 2-1-88 are not eligible. Officials in office on 2-1-88 continue to receive credit for service until the end of their current term)
Master Plan/Adoption Agreement	9/1/2003
Eligibility Requirements	Employees: No waiting period*; participation is mandatory on and after 9-1-03 Officials: those who hold office on or after 2-1-08. Elected officials were not eligible after 2-1-88 and before 2-1-08
Normal Retirement Age	Employees: 65+5 <u>or</u> 50+13 Officials: 65 <u>or</u> 50+30
Early Retirement	55+10
Date Indexed	9-1-80 [dynamic break point] (applies to all employees hired on or after 9-1-80 and to those employees hired before 9-1-80 if this break point and 1.5%-2.25% benefit formula would result in a higher benefit than the break point in table and 1.0-1.075% benefit formula) in a higher benefit than the break point in table and 1.0-1.75% benefit formula)
Benefit Formula	1.0%-1.75% with table (prior to 9-1-80) 1.5%-2.25% with dynamic index break point
Official's Benefits	\$20
Vesting	10 years
Death Benefits	Actuarial Reserve No Death Benefit for Termed Vested
Disability Minimum	20%
Cost-of-Living	---
Other	In-service distribution effective 4-1-13 for elected officials who remain in service of a normal or alternative normal or retired Participants who return to service as an elected or appointed member of the Governing Authority after normal retirement. With respect for the in-service, the participant must be at least 62 years of age in order to begin drawing retirement benefits. Participants who terminate on or after 10-1-88 and designate their spouse as beneficiary under Plan B at retirement receive unreduced retirement benefits. Spouses' benefits may be reduced depending upon age difference. Plan change effective 1-1-15*

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

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**NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

In addition to the retirement plan described in Note 15, the City provides post-retirement term life insurance to all retirees who retire after June 1, 1999. The benefit is provided in accordance with City of Sylvester ordinances. The post-employment benefit is not part of a qualified plan and accordingly, expenditures for term life insurance premiums are recognized as the premiums are paid. Currently twelve retirees are eligible for this post-employment benefit. During the year, total expenditures of \$2,132 were recognized for post-retirement term life insurance. The premiums are paid to GMEBS. Information pertaining to an actuarial valuation for this benefit is not provided by GMEBS. This post-retirement benefit is considered immaterial to the financial statements.

**NOTE 17 - GRANTS FROM OTHER GOVERNMENTS**

Federal and state governmental units represent an important source of supplementary funding used to finance housing, employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both Governmental and Proprietary funds. All grant proceeds in the Proprietary Funds are for the purpose of construction activities, or land or easement acquisitions. Accordingly, as per GASB 33, they are recorded as nonoperating revenues. For all funds, a grant receivable is recorded when the City has a right to receive the related grant proceeds.

**NOTE 18 - HOTEL-MOTEL TAX**

The City has levied a 5% Hotel-Motel tax in accordance with OCGA 48-13-51. The tax was effective October 1, 2000. A summary of the transactions for the year ending June 30, 2015 is as follows:

Hotel-Motel Tax Receipts	\$	17,556
Disbursements to Worth County- Sylvester Chamber of Commerce	54%	<u>9,494</u>
Balance Retained by City	46%	<u>\$ 8,062</u>

The City has received a report from the Worth County-Sylvester Chamber of Commerce. Disbursements of the Hotel-Motel tax funds to the Worth County-Sylvester Chamber of Commerce were used for the promotion of tourism as required by the Official Code of Georgia Annotated (OCGA) 48-13-51.

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

**NOTE 19 – E-911 SERVICES**

The City entered into an agreement with Worth County, Georgia to contract with the County for the provision of E-911 Service to the City by the County in consideration of payment by the City to the County for the salaries of two dispatchers effective July 21, 2008. In exchange for the provision of the E-911 Service, the City shall pay to the County the annual salaries including benefits for two dispatchers; provided that such dispatchers shall at all times be employed by the County. Such annual salaries and benefits shall be in the about of \$35,248 per dispatcher for an annual total of \$70,496 with the provision of an annual increase not to exceed the prevailing Consumer Price Index.

**NOTE 20 – FUND BALANCE CLASSIFICATIONS**

The fund balances presented in the aggregate in the Balance Sheet for Governmental Funds are allocated according to balance classification and fund as follows:

	<u>Special Revenue Funds</u>				
	General <u>Fund</u>	SPLOST Capital Projects <u>Fund</u>	CDBG Loan <u>Fund</u>	Designated Grant <u>Fund</u>	Hotel/ Motel Tax <u>Fund</u>
Fund Balances					
Nonspendable:					
Inventory	\$ 19,866	\$ -	\$ -	\$ -	\$ -
Prepaid Items	51,308	-	-	-	-
Total Nonspendable	<u>71,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:					
Public Safety	2,419	-	-	-	-
Public Welfare	10,612	-	-	-	-
Capital Projects	-	439,693	-	100	-
Economic Development	-	-	265,767	-	-
Tourism	-	-	-	-	2,786
Total Restricted	<u>13,031</u>	<u>439,693</u>	<u>265,767</u>	<u>100</u>	<u>2,786</u>
Unassigned	<u>1,060,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 1,144,672</u>	<u>\$ 439,693</u>	<u>\$ 265,767</u>	<u>\$ 100</u>	<u>\$ 2,786</u>

**CITY OF SYLVESTER, GEORGIA**  
**Notes to the Financial Statements – Continued**  
**For the Year Ended June 30, 2015**

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**NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE**

There was a prior period restatement of \$(1,744,978) to governmental activities net position which reflects the effects of implementing GASB Statement No. 68.

Therefore in conjunction with the implementation of Statement No. 68, the following restatement was required to the beginning net position of the governmental activities to properly recognize pension related items in the periods in which they were incurred:

Governmental activities net position, as previously reported	\$ 9,666,556
Adjustments needed to properly report net pension liability	(2,100,896)
Adjustments needed to properly report the City's contributions as deferred outflows of resources	<u>355,918</u>
Governmental activities net position, as restated for the fiscal year ended June 30, 2014	<u>\$ 7,921,578</u>

**NOTE 22 – SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition of disclosure through December 23, 2015, the date when the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SYLVESTER, GEORGIA**  
**Required Supplementary Information**  
**Retirement Plan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**June 30, 2015**

<i><b>Total Pension Liability</b></i>	<b>Fiscal Year End</b>
	<b>June 30,</b>
	<b>2015</b>
Service cost	\$ 143,056
Interest	581,530
Differences between expected and actual experience	(245,155)
Changes of assumptions	(78,814)
Changes of benefit terms	-
Benefit payments, including refunds of employee contributions	(371,608)
Net change in total pension liability	29,009
Total pension liability - beginning	7,689,416
Total pension liability - ending (a)	<u>\$ 7,718,425</u>
 <i><b>Plan Fiduciary Net Position</b></i>	
Contributions - employer	\$ 351,208
Contributions - employee	-
Net investment income	637,350
Benefit payments, including refunds of employee contributions	(371,608)
Administrative expenses	(11,697)
Other	-
Net change in total pension liability	605,253
Plan fiduciary net position - beginning	5,588,520
Plan fiduciary net position - ending (b)	<u>\$ 6,193,773</u>
Net pension liability - ending (a) - (b)	\$ 1,524,652
Plan's fiduciary net position as percentage of the total pension liability	80.25%
Covered-employee payroll	\$ 2,499,865
Net pension liability as a percentage of covered-employee payroll	60.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**CITY OF SYLVESTER, GEORGIA**  
**Required Supplementary Information**  
**Retirement Plan**  
**Schedule of Contributions**  
**June 30, 2015**

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	Fiscal Year End June 30, 2015		
Actuarially determined contribution	\$	-	*
Contributions in relation to the actuarially determined contribution		-	*
Contribution deficiency (excess)		-	*
 Covered-employee payroll		-	*
Contributions as a percentage of covered-employee payroll		-	*

\* 2015 information will be determined after fiscal year end and will be included in the 2016 valuation report.

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.





**CITY OF SYLVESTER, GEORGIA**  
**Required Supplementary Information**  
**Retirement Plan**  
**Notes to Schedule of Contributions**  
**June 30, 2015**

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*Benefit changes*

- Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

**CITY OF SYLVESTER, GEORGIA**  
**Required Supplementary Information**  
**General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended June 30, 2015**

	Budget		Actual	Variance with Budget
	Original	Final		
<b>REVENUES</b>				
Taxes - Net	\$ 1,697,318	\$ 1,697,318	\$ 1,716,112	\$ 18,794
Charges for Services	107,050	107,050	66,146	(40,904)
Fines & Forfeitures	371,725	371,725	285,356	(86,369)
Licenses and Permits	61,900	61,900	67,187	5,287
Intergovernmental	25,000	90,500	85,072	(5,428)
Interest Income	3,100	3,100	26	(3,074)
Miscellaneous	91,810	91,810	153,327	61,517
<b>TOTAL REVENUES</b>	<b>2,357,903</b>	<b>2,423,403</b>	<b>2,373,226</b>	<b>(50,177)</b>
<b>EXPENDITURES</b>				
Legislative	98,633	96,633	95,556	(1,077)
Judicial	30,600	27,600	26,650	(950)
Administrative	1,512,252	1,517,752	1,503,873	(13,879)
Police	1,891,682	1,824,682	1,809,571	(15,111)
Fire	861,375	776,375	767,978	(8,397)
Animal Control	33,900	33,900	33,238	(662)
Street	583,539	603,539	600,381	(3,158)
Storm Water	209,913	187,913	179,784	(8,129)
Shop	112,033	119,033	118,047	(986)
Cemetery and Parks	141,430	385,430	380,165	(5,265)
Code Enforcement	122,331	95,331	91,417	(3,914)
Building and Zoning	119,574	119,574	119,250	(324)
Downtown Development	94,164	89,164	60,150	(29,014)
<b>TOTAL EXPENDITURES</b>	<b>5,811,426</b>	<b>5,876,926</b>	<b>5,786,060</b>	<b>(90,866)</b>
Deficiency of Revenue Under Expenditures	(3,453,523)	(3,453,523)	(3,412,834)	(141,043)
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	3,453,523	3,453,523	3,273,351	(318,945)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(139,483)</b>	<b>(459,988)</b>
FUND BALANCE - JULY 1, 2014			<u>1,298,855</u>	
FUND BALANCE - JUNE 30, 2015			<u><u>\$ 1,159,372</u></u>	

**CITY OF SYLVESTER, GEORGIA**  
**Required Supplementary Information**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended June 30, 2015**

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**BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before the last Monday in May of each year, all departments of the City submit requests for appropriation to the City's mayor so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.
- Before June 15, the proposed budget is presented to the City's council for review. The City's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's mayor of the revenue estimates must be changed by an affirmative vote of majority of the City's council.

Results of operations are presented on the budgetary basis at the legal level of control in the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund in order to provide a meaningful comparison of actual results with the budget.

As set forth in the City Charter, the City Council adopts an annual budget for the general fund, the special revenue funds, and the proprietary funds. The annual budget for the general fund, special revenue funds and for the proprietary funds is adopted under a basis consistent with GAAP. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. The Council approved supplemental appropriations during the year. Project budgets are adopted for the Capital Project Fund.

**Supplementary Information**  
**Individual Fund Statements and Schedules**

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Balance Sheet**  
**June 30, 2015**

**ASSETS**

Assets

Cash	\$ 209,741
Restricted Cash	13,031
Investment-Certificates of Deposit	1,261,098
Receivables	
Property Taxes	96,207
Due From Other Governments	35,494
Other	49,280
Inventory, at Cost	19,867
Prepaid Items	51,308

TOTAL ASSETS \$ 1,736,026

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

Liabilities

Accounts Payable	\$ 329,016
Accrued Expenses	42,073
Accrued Taxes and Withholdings	21,356
Due to Other Funds	85,706
Deposits	14,214
	<u>492,365</u>

Deferred Inflows of Resources

Unearned Revenue - property taxes	<u>84,289</u>
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Fund Balance

Nonspendable:	
Inventory	19,866
Prepaid Items	51,308
Loans Receivable	14,700
Restricted:	
Public Safety	2,419
Public Welfare	10,612
Unassigned	1,060,467
	<u>1,159,372</u>

TOTAL LIABILITIES, DEFERRED INFLOWS  
OF RESOURCES AND FUND BALANCES \$ 1,736,026

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended June 30, 2015**

	Budget		Actual	Variance with Budget
	Original	Final		
<b>REVENUES (Schedule 1)</b>				
Taxes - Net	\$ 1,697,318	\$ 1,697,318	\$ 1,716,112	\$ 18,794
Charges for Services	107,050	107,050	66,146	(40,904)
Fines & Forfeitures	371,725	371,725	285,356	(86,369)
Licenses and Permits	61,900	61,900	67,187	5,287
Intergovernmental	25,000	90,500	85,072	(5,428)
Interest Income	3,100	3,100	26	(3,074)
Miscellaneous	91,810	91,810	153,327	61,517
<b>TOTAL REVENUES</b>	<b>2,357,903</b>	<b>2,423,403</b>	<b>2,373,226</b>	<b>(50,177)</b>
<b>EXPENDITURES (Schedule 2)</b>				
Legislative	98,633	96,633	95,556	(1,077)
Judicial	30,600	27,600	26,650	(950)
Administrative	1,512,252	1,517,752	1,503,873	(13,879)
Police	1,891,682	1,824,682	1,809,571	(15,111)
Fire	861,375	776,375	767,978	(8,397)
Animal Control	33,900	33,900	33,238	(662)
Street	583,539	603,539	600,381	(3,158)
Storm Water	209,913	187,913	179,784	(8,129)
Shop	112,033	119,033	118,047	(986)
Cemetery and Parks	141,430	385,430	380,165	(5,265)
Code Enforcement	122,331	95,331	91,417	(3,914)
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Downtown Development	94,164	89,164	60,150	(29,014)
<b>TOTAL EXPENDITURES</b>	<b>5,811,426</b>	<b>5,876,926</b>	<b>5,786,060</b>	<b>(90,866)</b>
Deficiency of Revenue Under Expenditures	(3,453,523)	(3,453,523)	(3,412,834)	(141,043)
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	3,453,523	3,453,523	3,273,351	(318,945)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(139,483)</b>	<b>(459,988)</b>
FUND BALANCE - JULY 1, 2014			<u>1,298,855</u>	
FUND BALANCE - JUNE 30, 2015			<u><u>\$ 1,159,372</u></u>	

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Revenues-Budget and Actual**  
**Year Ended June 30, 2015**

<b>SCHEDULE 1</b>	<u>Budget</u>			Variance with Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 646,200	\$ 646,200	\$ 710,631	\$ 64,431
Alcoholic Beverage Tax	105,000	105,000	96,219	(8,781)
Licenses and Permits	61,900	61,900	67,187	5,287
Franchise Tax	87,000	87,000	89,114	2,114
Cemetery Lot Sales	450	450	15,455	15,005
Fines and Forfeitures	371,725	371,725	285,356	(86,369)
Interest Income	3,100	3,100	26	(3,074)
Insurance Premium Tax	335,161	335,161	333,748	(1,413)
Intangible and Transfer Tax	12,957	12,957	10,295	(2,662)
Business and Occupation Tax	46,000	46,000	38,564	(7,436)
Other Revenues	53,000	53,000	117,070	64,070
Sales Tax-Local Option	465,000	465,000	437,541	(27,459)
Charges for Services	131,600	131,600	76,241	(55,359)
Intergovernmental	25,000	90,500	85,072	(5,428)
Rent	13,810	13,810	10,707	(3,103)
<b>TOTAL REVENUES</b>	<u>\$ 2,357,903</u>	<u>\$ 2,423,403</u>	<u>\$ 2,373,226</u>	<u>\$ (50,177)</u>

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Expenditures-Budget and Actual**  
**Year Ended June 30, 2015**

**SCHEDULE 2**

<b>EXPENDITURES</b>	Budget			Variance with Budget
	Original	Final	Actual	
<b>LEGISLATIVE</b>				
Personnel Services	\$ 32,495	\$ 32,495	\$ 31,929	\$ (566)
Employee Medical Insurance	17,919	17,919	18,617	698
Retirement Fund Contribution	13,044	13,044	13,046	2
Dues and Membership	175	175	-	(175)
Miscellaneous	-	-	241	241
Telephone and Utilities	6,000	5,000	4,792	(208)
Travel and Training	29,000	28,000	26,931	(1,069)
Total Legislative	98,633	96,633	95,556	(1,077)
<b>JUDICIAL</b>				
Municipal Court Judge	9,600	9,600	9,600	-
Indigent Defence Attorney	6,000	4,500	4,271	(229)
City Solicitor	15,000	13,500	12,729	(771)
Dues and Membership	-	-	50	50
Total Judicial	30,600	27,600	26,650	(950)
<b>ADMINISTRATIVE</b>				
Personnel Services	711,310	675,360	657,192	(18,168)
Employee Medical Insurance	107,058	85,058	70,037	(15,021)
Retirement Fund Contribution	67,955	67,955	68,304	349
Advertising	10,000	10,000	12,939	2,939
Appropriations:				-
DeSoto Trail Regional Library	57,500	57,500	57,500	-
Recreation Program and Community	100,000	100,000	100,000	-
Chamber of Commerce	25,000	25,000	25,000	-
Other	13,000	13,000	24,760	11,760
Capital Outlay	-	-	-	-
Clerical and Administrative	14,900	14,900	12,880	(2,020)
Dues and Membership	10,756	10,756	10,661	(95)
Insurance	36,007	36,007	37,727	1,720
Miscellaneous	26,942	26,942	12,190	(14,752)
Motor Fuels	2,500	2,500	1,399	(1,101)
Professional Services	130,500	130,500	139,160	8,660
Repairs and Maintenance - Equipment	26,700	24,200	44,561	20,361
Supplies	73,701	68,701	67,496	(1,205)



**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Expenditures-Budget and Actual (Continued)**  
**Year Ended June 30, 2015**

	Budget			Variance with Budget
	Original	Final	Actual	
Administrative (continued)				
Telephone and Utilities	\$ 23,000	\$ 23,000	\$ 24,747	\$ 1,747
Travel and Training	13,600	8,600	7,365	(1,235)
Uniforms	4,000	4,000	1,548	(2,452)
Capital Lease-Principal	7,721	7,721	7,720	(1)
Capital Lease-Interest	102	102	108	6
Flood Buyout	-	75,950	75,950	-
Worth County Family Connection	50,000	50,000	44,629	(5,371)
Downtown Farmers' Market	-	-	-	-
<b>Total Administrative</b>	<b>1,512,252</b>	<b>1,517,752</b>	<b>1,503,873</b>	<b>(13,879)</b>
<b>POLICE</b>				
Personnel Services	1,030,249	1,030,249	1,019,213	(11,036)
Employee Medical Insurance	231,959	219,959	215,183	(4,776)
Retirement Fund Contribution	90,417	90,417	90,421	4
Capital Outlay	-	-	7,050	7,050
Clerical and Administrative	6,500	6,500	3,957	(2,543)
Community Programs	9,500	6,500	7,458	958
Courtware Solutions	21,000	21,000	19,441	(1,559)
Dues and Membership	700	700	648	(52)
Inmate Medical and Board	40,000	26,000	24,454	(1,546)
Insurance	28,595	28,595	27,170	(1,425)
Miscellaneous	5,000	5,000	4,012	(988)
Motor Fuels	85,500	65,500	60,706	(4,794)
Professional Services	100	100	-	(100)
Repairs and Maintenance-Equipment	48,850	40,850	43,523	2,673
Supplies	26,500	26,500	36,622	10,122
Travel and Training	13,000	13,000	12,490	(510)
Telephone and Utilities	42,827	42,827	40,391	(2,436)
Trust Fund Contributions	49,700	49,700	49,053	(647)
Uniforms	14,000	10,000	9,763	(237)
Capital Lease-Principal	67,707	67,707	65,744	(1,963)
Capital Lease-Interest	2,751	2,751	1,776	(975)
911 Cost	76,827	70,827	70,496	(331)
<b>Total Police</b>	<b>1,891,682</b>	<b>1,824,682</b>	<b>1,809,571</b>	<b>(15,111)</b>

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Expenditures-Budget and Actual (Continued)**  
**Year Ended June 30, 2015**

	<u>Budget</u>			Variance with Budget
	Original	Final	Actual	
<b>FIRE</b>				
Personnel Services	\$ 494,335	\$ 444,335	\$ 432,048	\$ (12,287)
Employee Medical Insurance	115,980	80,980	76,965	(4,015)
Retirement Fund Contribution	41,599	41,599	40,357	(1,242)
Capital Outlay	-	-	30,757	30,757
Clerical and Administrative	6,000	6,000	3,275	(2,725)
Dues and Membership	1,200	1,200	300	(900)
Miscellaneous	500	500	123	(377)
Motor Fuels	14,000	14,000	8,477	(5,523)
Professional Services	100	100	-	(100)
Repairs and Maintenance-Equipment	31,500	31,500	34,813	3,313
Supplies	30,750	30,750	22,488	(8,262)
Telephone and Utilities	23,500	23,500	21,350	(2,150)
Travel and Training	10,300	10,300	9,405	(895)
Uniforms	10,000	10,000	6,005	(3,995)
Capital Lease-Principal	80,340	80,340	80,349	9
Capital Lease-Interest	1,271	1,271	1,266	(5)
<b>Total Fire</b>	<b>861,375</b>	<b>776,375</b>	<b>767,978</b>	<b>(8,397)</b>
<b>ANIMAL CONTROL</b>				
Humane Society	33,000	33,000	33,000	-
Miscellaneous	900	900	238	(662)
<b>Total Animal Control</b>	<b>33,900</b>	<b>33,900</b>	<b>33,238</b>	<b>(662)</b>

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Expenditures-Budget and Actual (Continued)**  
**Year Ended June 30, 2015**

	Budget		Actual	Variance with Budget
	Original	Final		
<b>STREET</b>				
Personnel Services	\$ 214,253	\$ 214,253	\$ 201,447	\$ (12,806)
Employee Medical Insurance	53,529	53,529	54,900	1,371
Retirement Fund Contribution	18,766	18,766	18,767	1
Clerical and Administrative	-	-	2,601	2,601
General Supplies	7,200	7,200	3,171	(4,029)
Grounds Maintenance Contract	122,562	122,562	123,005	443
Miscellaneous	2,000	2,000	-	(2,000)
Motor Fuels	25,988	25,988	28,506	2,518
Professional Fees	100	100	70	(30)
Repairs and Maintenance-Equipment	35,915	41,415	47,916	6,501
Repairs and Maintenance-System	29,000	43,500	51,406	7,906
System Supplies and Chemicals	23,825	23,825	13,915	(9,910)
Telephone and Utilities	6,900	6,900	10,053	3,153
Travel and Training	2,000	2,000	1,730	(270)
Uniforms	2,100	2,100	3,504	1,404
Capital Lease-Principal	37,138	37,138	37,137	(1)
Capital Lease-Interest	2,263	2,263	2,253	(10)
<b>Total Street</b>	<b>583,539</b>	<b>603,539</b>	<b>600,381</b>	<b>(3,158)</b>
<b>STORM WATER</b>				
Personnel Services	119,932	98,932	92,077	(6,855)
Employee Medical Insurance	35,686	34,686	32,938	(1,748)
Retirement Fund Contribution	11,145	11,145	11,145	-
Capital Outlay	-	-	-	-
Motor Fuels	8,250	8,250	7,659	(591)
Repairs and Maintenance	25,500	25,500	32,429	6,929
Professional Fees	-	-	29	29
Rent	7,000	7,000	-	(7,000)
Telephone and Utilities	400	400	1,084	684
Travel and Training	600	600	704	104
Miscellaneous	-	-	25	25
Uniforms	1,400	1,400	1,694	294
<b>Total Storm Water</b>	<b>209,913</b>	<b>187,913</b>	<b>179,784</b>	<b>(8,129)</b>
<b>SHOP</b>				
Personnel Services	67,603	67,603	66,483	(1,120)
Employee Medical Insurance	17,843	17,843	17,412	(431)
Retirement Fund Contribution	6,487	6,487	6,531	44
Motor Fuels	2,600	2,600	2,590	(10)
Repairs and Maintenance	5,600	5,600	3,376	(2,224)
Supplies	3,800	10,800	15,660	4,860
Telephone and Utilities	5,600	5,600	4,938	(662)
Travel and Training	1,500	1,500	209	(1,291)
Uniforms	1,000	1,000	848	(152)
<b>Total Shop</b>	<b>112,033</b>	<b>119,033</b>	<b>118,047</b>	<b>(986)</b>

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Expenditures-Budget and Actual (Continued)**  
**Year Ended June 30, 2015**

	Budget		Actual	Variance with Budget
	Original	Final		
<b>CEMETERY AND PARKS</b>				
Personnel Services	\$ 30,000	\$ 30,000	\$ 31,508	\$ 1,508
Capital Outlay	-	244,000	243,173	(827)
Clerical and Administrative	150	150	240	90
Insurance	4,350	4,350	4,329	(21)
Maintenance Contract	64,680	64,680	64,680	-
Motor Fuels	400	400	-	(400)
Repairs and Maintenance-Cemetery	1,000	1,000	-	(1,000)
Repairs and Maintenance-Equipment	20,250	20,250	11,220	(9,030)
Supplies	2,300	2,300	4,801	2,501
Telephone and Utilities	18,300	18,300	20,214	1,914
<b>Total Cemetery and Parks</b>	<b>141,430</b>	<b>385,430</b>	<b>380,165</b>	<b>(5,265)</b>
<b>CODE ENFORCEMENT</b>				
Personnel Services	62,943	47,943	54,832	6,889
Employee Medical Insurance	17,843	9,843	9,417	(426)
Retirement Fund Contribution	6,095	6,095	6,094	(1)
Capital Outlay	-	-	-	-
Clerical and Administrative	2,300	2,300	1,902	(398)
Advertising	1,800	1,800	985	(815)
Community Relations	1,500	1,500	1,485	(15)
Dues and Membership	400	400	-	(400)
Great Sylvester Cleanup	2,500	2,500	1,477	(1,023)
Miscellaneous	700	700	(7)	(707)
Motor Fuels	1,500	1,500	1,922	422
Professional Services	10,000	6,000	4,900	(1,100)
Rent	2,000	2,000	1,800	(200)
Repairs and Maintenance-Equipment	2,500	2,500	566	(1,934)
Supplies	2,400	2,400	1,722	(678)
Telephone and Utilities	3,700	3,700	2,278	(1,422)
Travel and Training	3,600	3,600	670	(2,930)
Uniforms	550	550	1,374	824
<b>Total Code Enforcement</b>	<b>122,331</b>	<b>95,331</b>	<b>91,417</b>	<b>(3,914)</b>

**CITY OF SYLVESTER, GEORGIA**  
**General Fund**  
**Expenditures-Budget and Actual (Continued)**  
**Year Ended June 30, 2015**

	Budget			Variance with Budget
	Original	Final	Actual	
<b>BUILDING AND ZONING</b>				
Personnel Services	\$ 78,380	\$ 78,380	\$ 83,223	\$ 4,843
Retirement Contributions	7,551	7,551	7,575	24
Employee Medical Insurance	17,843	17,843	17,464	(379)
Professional Services	500	500	300	(200)
Clerical and Administrative	3,200	3,200	2,279	(921)
Motor Fuels	800	800	610	(190)
Rent	2,000	2,000	1,800	(200)
Repairs and Maintenance	3,000	3,000	892	(2,108)
Telephone and Utilities	2,800	2,800	2,333	(467)
Travel and Training	3,500	3,500	2,774	(726)
<b>Total Building and Zoning</b>	<b>119,574</b>	<b>119,574</b>	<b>119,250</b>	<b>(324)</b>
<b>DOWNTOWN DEVELOPMENT</b>				
Personnel Services	40,303	40,303	24,488	(15,815)
Employee Medical Insurance	8,939	5,939	4,423	(1,516)
Retirement Fund Contribution	3,912	3,912	3,901	(11)
Advertising	13,000	11,000	6,333	(4,667)
Georgia Cities Week	-	-	-	-
Clerical and Administrative	3,850	3,850	904	(2,946)
Dues and Membership	400	400	400	-
Façade Program	3,000	3,000	3,000	-
Miscellaneous	200	200	-	(200)
Rent	2,000	2,000	1,800	(200)
Repairs and Maintenance	2,260	2,260	3,433	1,173
Supplies	8,000	8,000	3,223	(4,777)
Telephone and Utilities	4,300	4,300	3,897	(403)
Travel and Training	4,000	4,000	4,348	348
<b>Total Downtown Development</b>	<b>94,164</b>	<b>89,164</b>	<b>60,150</b>	<b>(29,014)</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,811,426</b>	<b>\$ 5,876,926</b>	<b>\$ 5,786,060</b>	<b>\$ (90,866)</b>

**CITY OF SYLVESTER, GEORGIA**  
**Non-major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Special Revenue Funds			Total
	CDBG Loan Fund	Designated Grant Fund	Hotel/ Motel Tax Fund	
<b>ASSETS</b>				
Cash	\$ 158,955	\$ 65,105	\$ 1,082	\$ 225,142
Taxes Receivable	-	-	1,765	1,765
Loan Receivable	106,812	-	-	106,812
Due from Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 265,767</b>	<b>\$ 65,105</b>	<b>\$ 2,847</b>	<b>\$ 333,719</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ 61	\$ 61
Due to Other Funds	-	100	-	100
<b>Total Liabilities</b>	<b>-</b>	<b>100</b>	<b>61</b>	<b>161</b>
<u>Deferred Inflows of Resources</u>				
Unearned Revenue-GA DOT	-	64,905	-	64,905
<u>Fund Balances</u>				
Restricted:				
Economic Development	265,767	-	-	265,767
Tourism	-	-	2,786	2,786
Capital Projects	-	100	-	100
<b>Total Fund Balances</b>	<b>265,767</b>	<b>100</b>	<b>2,786</b>	<b>268,653</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 265,767</b>	<b>\$ 65,105</b>	<b>\$ 2,847</b>	<b>\$ 333,719</b>

**CITY OF SYLVESTER, GEORGIA**  
**Non-major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2015**

	<u>SPECIAL REVENUE FUNDS</u>			
	CDBG Loan Fund	Designated Grant Fund	Hotel/ Motel Tax Fund	Total
<b>REVENUES</b>				
Grant Proceeds	\$ -	\$ 313,874	\$ -	\$ 313,874
Investment Income	3,386	-	-	3,386
Hotel/Motel Taxes	-	-	17,556	17,556
<b>TOTAL REVENUES</b>	<u>3,386</u>	<u>313,874</u>	<u>17,556</u>	<u>334,816</u>
<b>EXPENDITURES</b>				
Culture and Recreation	-	-	-	-
Community and Economic Development	-	50,954	9,494	60,448
Capital Outlay	-	262,920	-	262,920
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>313,874</u>	<u>9,494</u>	<u>323,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,386</u>	<u>-</u>	<u>8,062</u>	<u>11,448</u>
<b>OTHER FINANCING USES</b>				
Transfer In (Out)	<u>-</u>	<u>100</u>	<u>(7,100)</u>	<u>(7,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>3,386</u>	<u>100</u>	<u>962</u>	<u>4,448</u>
<b>FUND BALANCE - JULY 1, 2014</b>	<u>262,381</u>	<u>-</u>	<u>1,824</u>	<u>264,205</u>
<b>FUND BALANCE - JUNE 30, 2015</b>	<u>\$ 265,767</u>	<u>\$ 100</u>	<u>\$ 2,786</u>	<u>\$ 268,653</u>

**CITY OF SYLVESTER, GEORGIA**  
**CDBG Economic Development Revolving Loan Fund**  
**Balance Sheet**  
**June 30, 2015**

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**ASSETS**

Cash	\$ 158,955
Loan Receivable	<u>106,812</u>

<b>TOTAL ASSETS</b>	<b>\$ <u>265,767</u></b>
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**LIABILITIES AND FUND BALANCES**

Liabilities

Accounts Payable	-
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Fund Balance

Restricted:	
Economic Development	<u>265,767</u>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>265,767</u></b>
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**CITY OF SYLVESTER, GEORGIA**  
**CDBG Economic Development Revolving Loan Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended June 30, 2015**

	Budget			Variance with Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Interest on Loan Receivable	\$ 14,000	\$ 14,000	\$ 3,386	\$ (10,614)
Interest-Bank	500	500	-	(500)
<b>TOTAL REVENUES</b>	<b>14,500</b>	<b>14,500</b>	<b>3,386</b>	<b>(11,114)</b>
<b>EXPENDITURES</b>				
Loan Servicing Fees	2,000	2,000	-	(2,000)
Contingency	12,500	12,500	-	(12,500)
<b>TOTAL EXPENDITURES</b>	<b>14,500</b>	<b>14,500</b>	<b>-</b>	<b>(14,500)</b>
Excess of Revenues Over Expenditures	-	-	3,386	3,386
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>3,386</b>	<b>3,386</b>
FUND BALANCE - JULY 1, 2014			<u>262,381</u>	
FUND BALANCE - JUNE 30, 2015			<u>\$ 265,767</u>	

**CITY OF SYLVESTER, GEORGIA**  
**Designated Grant Fund**  
**Balance Sheet**  
**June 30, 2015**

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**ASSETS**

Cash	\$	65,105
Due from Other Governments		-

TOTAL ASSETS	\$	65,105
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

Liabilities

Accounts Payable	\$	-
Due to Other Funds		100

TOTAL LIABILITIES		100
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Deferred Inflows of Resources

Unearned Revenues - GA DOT		64,905
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Fund Balance

Restricted:		
Capital Projects		100

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$	65,105
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**CITY OF SYLVESTER, GEORGIA**  
**Designated Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended June 30, 2015**

	Budget		Actual	Variance with Budget
	Original	Final		
<b>REVENUES</b>				
Grant Proceeds	\$ 1,524,827	\$ 1,524,827	\$ 313,874	\$ (1,210,953)
<b>TOTAL REVENUES</b>	<u>1,524,827</u>	<u>1,524,827</u>	<u>313,874</u>	<u>(1,210,953)</u>
<b>EXPENDITURES</b>				
Community and Economic Development	306,000	306,000	50,954	(255,046)
Capital Outlay	1,218,827	1,218,827	262,920	(955,907)
<b>TOTAL EXPENDITURES</b>	<u>1,524,827</u>	<u>1,524,827</u>	<u>313,874</u>	<u>(1,210,953)</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING USES</b>				
Transfer In	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
FUND BALANCE - JULY 1, 2014			<u>-</u>	
FUND BALANCE - JUNE 30, 2015			<u>\$ 100</u>	

**CITY OF SYLVESTER, GEORGIA**  
**Hotel/Motel Tax Fund**  
**Balance Sheet**  
**June 30, 2015**

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**ASSETS**

Cash	\$ 1,082
Taxes Receivable	<u>1,765</u>

<b>TOTAL ASSETS</b>	<b>\$ <u>2,847</u></b>
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**LIABILITIES AND FUND BALANCES**

Liabilities

Accounts Payable	61
------------------	----

Fund Balance

Restricted:	
Tourism	<u>2,786</u>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>2,847</u></b>
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**CITY OF SYLVESTER, GEORGIA**  
**Hotel/Motel Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Year Ended June 30, 2015**

	<u>Budget</u>			Variance with Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Hotel/Motel Taxes	\$ 16,200	\$ 16,700	\$ 17,556	\$ 856
<b>TOTAL REVENUES</b>	<b>16,200</b>	<b>16,700</b>	<b>17,556</b>	<b>856</b>
<b>EXPENDITURES</b>				
Chamber of Commerce Allocation	9,100	9,600	9,494	(106)
Bank Charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>9,100</b>	<b>9,600</b>	<b>9,494</b>	<b>(106)</b>
Excess of Revenues Over Expenditures	7,100	7,100	8,062	962
<b>OTHER FINANCING USES</b>				
Transfer Out	(7,100)	(7,100)	(7,100)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>962</b>	<b>962</b>
FUND BALANCE - JULY 1, 2014			<u>1,824</u>	
FUND BALANCE - JUNE 30, 2015			<u>\$ 2,786</u>	

**CITY OF SYLVESTER, GEORGIA**  
**SPLOST Capital Projects Fund**  
**Balance Sheet**  
**June 30, 2015**

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<b>ASSETS</b>	
Cash	\$ 439,693
Taxes Receivable	-
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 439,693</b>
	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>	
<u>Liabilities</u>	
Accounts Payable	-
<u>Fund Balance</u>	
Restricted:	
Capital Projects	439,693
	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 439,693</b>
	<hr/> <hr/>

**CITY OF SYLVESTER, GEORGIA**  
**SPLOST Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended June 30, 2015**

	Budget		Actual	Variance With Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 901,926	\$ 901,926	\$ 432,880	\$ (469,046)
Interest	2,000	2,000	1,825	(175)
Total Revenues	903,926	903,926	434,705	(469,221)
<b>EXPENDITURES</b>				
Capital Projects	719,932	719,932	284,044	(435,888)
Debt Service:				
Principal	136,033	136,033	136,136	103
Interest	47,961	47,961	47,858	(103)
TOTAL EXPENDITURES	903,926	903,926	468,038	(435,888)
Deficiency of Revenues Under Expenditures	-	-	(33,333)	(33,333)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(33,333)	\$ (33,333)
FUND BALANCE-JULY 1, 2014			473,026	
FUND BALANCE-JUNE 30, 2015			\$ 439,693	

**CITY OF SYLVESTER, GEORGIA**  
**Electric Fund**  
**Statement of Net Position**  
**June 30, 2015**

---

<b>ASSETS</b>	
<u>Current Assets</u>	
Cash	\$ 772,938
Investment-Certificate of Deposit	191,401
Investments	4,889,492
Restricted Assets	
Cash-Customer Deposits	81,416
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	1,425,717
Due from Other Funds	246,585
Inventory	200,422
Total Current Assets	7,807,971
<u>Noncurrent Assets</u>	
Capital Assets	
Electric System	3,212,429
Machinery and Equipment	161,975
Vehicles	773,797
Accumulated Depreciation	(2,754,868)
Total Noncurrent Assets	1,393,333
TOTAL ASSETS	9,201,304
<b>LIABILITIES</b>	
<u>Current Liabilities</u>	
Accounts Payable	681,890
Accrued Expenses	34,576
Due to Other Funds	72,098
Liabilities Payable from Restricted Assets-Customer Deposits	78,599
Total Current Liabilities	867,163
<u>Long-Term Liabilities</u>	
Accrued Vacation	13,195
TOTAL LIABILITIES	880,358
<b>NET POSITION</b>	
Investment in Capital Assets	1,393,333
Unrestricted	6,927,613
TOTAL NET POSITION	\$8,320,946



**CITY OF SYLVESTER, GEORGIA**  
**Electric Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

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**OPERATING REVENUES**

Electric Sales	\$ 10,852,576
Penalties	80,060
Service Fees	52,160
Miscellaneous	19,308
Pole Rental	64,914

TOTAL OPERATING REVENUES	<u>11,069,018</u>
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**OPERATING EXPENSES**

Personnel Services	346,812
Employee Medical Insurance	96,039
Retirement Fund Contribution	32,701
Purchases - Electricity	7,162,835
Clerical and Administrative	25,771
Insurance - General	35,653
Marketing	25,821
Miscellaneous	-
Motor Fuels	12,633
Professional Fees	43,437
Repairs and Maintenance-Equipment	32,970
Repairs and Maintenance-System	107,924
Supplies-General	12,078
Supplies-System	48,984
Technical Support	45,484
Telephone and Utilities	29,221
Travel and Training	16,339
Uniforms	6,029
Depreciation	103,801

TOTAL OPERATING EXPENSES	<u>8,184,532</u>
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OPERATING INCOME	<u>2,884,486</u>
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**CITY OF SYLVESTER, GEORGIA**  
**Electric Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)**  
**Year Ended June 30, 2015**

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**NON-OPERATING REVENUES (EXPENSES)**

Interest Income	\$ 2,274
Market Gain on Investments	<u>167,338</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>169,612</u>
Income Before Transfers	3,054,098
Transfers Out	<u>(1,907,711)</u>
<b>CHANGE IN NET POSITION</b>	1,146,387
NET POSITION - JULY 1, 2014	<u>7,174,559</u>
NET POSITION - JUNE 30, 2015	<u><u>\$ 8,320,946</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Electric Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 10,839,413
Cash Payments to Suppliers	(7,573,830)
Cash Payments to Employees	<u>(496,272)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,769,311</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to Other Funds	<u>(2,015,711)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase and Construction of Capital Assets	(181,672)
Capital Grant	<u>-</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(181,672)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	2,274
Purchase of Investments	<u>(291,671)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>(289,397)</u>
Net Increase in Cash and Cash Equivalents	<u>282,531</u>
CASH AND CASH EQUIVALENTS-JULY 1, 2014	763,224
CASH AND CASH EQUIVALENTS-JUNE 30, 2015	<u>\$ 1,045,755</u>
Displayed As;	
Restricted Assets	<u>\$ 81,416</u>

**CITY OF SYLVESTER, GEORGIA**  
**Electric Fund**  
**Statement of Cash Flows (Continued)**  
**Year Ended June 30, 2015**

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<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 2,884,486
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	103,801
(Increase) Decrease in Assets:	
Accounts Receivable	(229,813)
Inventory	24,434
Increase (Decrease) in Liabilities:	
Accounts Payable	(5,741)
Accrued Liabilities	6,627
Accrued Vacation	(14,691)
Customer Deposits	208
	208
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,769,311</b>
 <b>Noncash Investing, Capital and Financing Activities</b>	
Increase in Fair Value of Investments	\$ 167,338

**CITY OF SYLVESTER, GEORGIA**  
**Water and Sewer Fund**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

Current Assets

Cash	\$	358,038
Investment-Certificate of Deposit		183,166
<u>Restricted Assets</u>		
Cash-Customer Deposits		86,422
Cash-GEFA		200
Investment-Certificate of Deposit-GEFA		164,623
Accounts Receivable (Net of Allowance for Uncollectible Accounts)		202,654
Inventory		76,919
Due from Other Funds		97,717
		<u>97,717</u>
 Total Current Assets		 <u>1,169,739</u>

Noncurrent Assets

<u>Capital Assets</u>		
Land		21,800
Buildings		365,283
Water and Sewer System		14,615,266
Machinery and Equipment		735,024
Vehicles		100,858
Construction in Progress		326,435
Accumulated Depreciation		(8,229,188)
		<u>(8,229,188)</u>
 Total Noncurrent Assets		 <u>7,935,478</u>

TOTAL ASSETS		<u>9,105,217</u>
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**LIABILITIES**

Current Liabilities

Accounts Payable		42,300
Notes Payable		111,389
Accrued Expenses		7,105
Liabilities Payable from Restricted Assets-Customer Deposits		75,775
Due to Other Funds		64,273
		<u>64,273</u>
 Total Current Liabilities		 <u>300,842</u>

Long-Term Liabilities

Accrued Vacation		13,189
Notes Payable		3,038,055
		<u>3,038,055</u>
 Total Long-Term Liabilities		 <u>3,051,244</u>

TOTAL LIABILITIES		<u>3,352,086</u>
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Net Investment in Capital Assets		4,786,034
Restricted for Debt Service		164,623
Unrestricted		802,474
		<u>802,474</u>
TOTAL NET POSITION	\$	<u>5,753,131</u>

**CITY OF SYLVESTER, GEORGIA**  
**Water and Sewer Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

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**OPERATING REVENUES**

Water Revenue	\$ 1,016,059
Sewer Revenue	822,019
Penalties	11,581
Other	<u>8,069</u>

TOTAL OPERATING REVENUES 1,857,728

**OPERATING EXPENSES**

Water (Schedule 1)	412,489
Sewer (Schedule 2)	687,974
Depreciation	<u>374,450</u>

TOTAL OPERATING EXPENSES 1,474,913

OPERATING INCOME 382,815

**NON-OPERATING REVENUES (EXPENSES)**

Principal Forgiveness on Long-Term Debt	40,278
Interest Income	762
Interest Expense	<u>(89,972)</u>

TOTAL NON-OPERATING REVENUES (EXPENSES) (48,932)

Income Before Transfers 333,883

Transfers In	-
Transfers Out	<u>(555,000)</u>

CHANGE IN NET POSITION (221,117)

NET POSITION-JULY 1, 2014 5,974,248

NET POSITION-JUNE 30, 2015 \$ 5,753,131

**CITY OF SYLVESTER, GEORGIA**  
**Water and Sewer Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash Received from Customers	\$ 1,841,361
Cash Payments to Suppliers	(747,579)
Cash Payment to Employees	<u>(355,122)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>738,660</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to Other Funds	<u>(493,673)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases and Construction of Capital Assets	(326,435)
Principal Paid on Capital Debt	(108,291)
Interest Paid on Capital Debt	(89,972)
Proceeds from Long Term Debt	<u>402,776</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(121,922)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>762</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>762</u>
Net Decrease in Cash and Cash Equivalents	123,827
CASH AND CASH EQUIVALENT-JULY 1, 2014	<u>668,622</u>
CASH AND CASH EQUIVALENT-JUNE 30, 2015	<u>\$ 792,449</u>
Displayed As:	
Restricted Assets	<u>\$ 251,245</u>
Non Cash Transactions:	
Principal Forgiveness on Capital Debt	<u>\$ 40,278</u>

**CITY OF SYLVESTER, GEORGIA**  
**Water and Sewer Fund**  
**Statement of Cash Flows (Continued)**  
**Year Ended June 30, 2015**

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<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 382,815
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	374,450
(Increase) Decrease in Assets:	
Accounts Receivable	(16,232)
Inventory	-
Increase (Decrease) in Liabilities:	
Accounts Payable	242
Accrued Liabilities	(1,816)
Accrued Vacation	(664)
Customer Deposits	<u>(135)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 738,660</u></u>



**CITY OF SYLVESTER, GEORGIA**  
**Water and Sewer Fund**  
**Water Operating Expenses – Schedule 1**  
**Year Ended June 30, 2015**

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**Water Operating Expenses**

Personnel Services	\$ 116,821
Employee Medical Insurance	24,258
Retirement Fund Contribution	11,292
Advertising	1,427
Clerical and Administrative	1,931
Dues and Memberships	763
Insurance	37,282
Lab Fees	9,873
Motor fuels	6,058
Repairs and Maintenance-Equipment	1,426
Repairs and Maintenance-System	79,572
Supplies-General	4,735
Supplies- System	58,767
Telephone and Utilities	51,405
Travel and Training	4,069
Uniforms	<u>2,810</u>
Total Operating Expenses	<u>\$ 412,489</u>

**CITY OF SYLVESTER, GEORGIA**  
**Water and Sewer Fund**  
**Sewer Operating Expenses – Schedule 2**  
**Year Ended June 30, 2015**

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**Sewer Operating Expenses**

Personnel Services	\$ 144,582
Employee Medical Insurance	34,817
Retirement Fund Contribution	17,549
Advertising	-
Clerical and Administrative	14,593
Insurance	35,653
Lab Fees	39,480
Motor Fuels	10,761
Repairs and Maintenance - Equipment	33,031
Repairs and Maintenance - System	235,626
Supplies - General	6,530
Supplies - System	5,060
Telephone and Utilities	106,190
Travel and Training	1,773
Uniforms	<u>2,329</u>
Total Operating Expenses	<u><u>\$ 687,974</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Natural Gas Fund**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

Current Assets

Cash	\$ 39,903
Restricted Assets	
Cash-Customer Deposits	23,504
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	85,415
Due from Other Funds	2,690
Inventory	31,047
	<hr/>
Total Current Assets	182,559

Noncurrent Assets

Capital Assets	
Land	2,500
Natural Gas System	896,021
Machinery and Equipment	187,880
Vehicles	70,107
Accumulated Depreciation	(971,227)
	<hr/>
Total Noncurrent Assets	185,281

TOTAL ASSETS 

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367,840

**LIABILITIES**

Current Liabilities

Accounts Payable	32,378
Accrued Expenses	5,754
Due to Other Funds	37,924
Liabilities Payable from Restricted Assets-Customer Deposits	22,205
	<hr/>
Total Current Liabilities	98,261

Long-Term Liabilities

Accrued Vacation	2,389
	<hr/>

TOTAL LIABILITIES 

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100,650

**NET POSITION**

Investment in Capital Assets	185,281
Unrestricted	81,909
	<hr/>

TOTAL NET POSITION 

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\$ 267,190

**CITY OF SYLVESTER, GEORGIA**  
**Natural Gas Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

**OPERATING REVENUES**

Gas Sales	\$ 1,269,029
Penalties	53,263
Miscellaneous	-
<b>TOTAL OPERATING REVENUES</b>	<u>1,322,292</u>

**OPERATING EXPENSES**

Purchases-Natural Gas	669,393
Personnel Services	101,869
Employee Medical Insurance	17,620
Advertising	5,170
Clerical and Administrative	782
Dues and Membership	9,937
Insurance - General	35,653
Motor Fuels	5,251
Professional Fees	7,000
Repairs and Maintenance - Equipment	4,841
Repairs and Maintenance - System	15,642
Retirement Fund Contribution	9,404
Supplies - General	11,448
Supplies - System	4,650
Telephone and Utilities	1,504
Travel and Training	3,472
Uniforms	1,970
Depreciation	18,428
<b>TOTAL OPERATING EXPENSES</b>	<u>924,034</u>
<b>OPERATING INCOME</b>	398,258

**NON-OPERATING REVENUES**

Interest Income	45
<b>Income Before Transfers</b>	398,303
Transfers In	-
Transfers Out	<u>(415,000)</u>
<b>CHANGE IN NET POSITION</b>	(16,697)
<b>NET POSITION - JULY 1, 2014</b>	<u>283,887</u>
<b>NET POSITION - JUNE 30, 2015</b>	<u><u>\$ 267,190</u></u>

**CITY OF SYLVESTER, GEORIGIA**  
**Natural Gas Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 1,307,407
Cash Payments to Suppliers	(788,049)
Cash Payments to Employee	<u>(131,713)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>387,645</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to Other Funds	<u>(396,141)</u>
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(396,141)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES</b>	
	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>45</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>45</u>
Net Increase in Cash and Cash Equivalents	(8,451)
CASH AND CASH EQUIVALENTS - JULY 1, 2014	<u>71,858</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2015	<u>\$ 63,407</u>
Displayed As:	
Restricted Assets	<u>\$ 23,504</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	398,258
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	18,428
(Increase) Decrease in Assets:	
Accounts Receivable	(15,705)
Inventory	-
Increase (Decrease) in Liabilities	
Accounts Payable	(9,012)
Accrued Liabilities	(4,294)
Customer Deposits	820
Accrued Vacation	<u>(850)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 387,645</u>

**CITY OF SYLVESTER, GEORGIA**  
**Non-major Proprietary Funds**  
**Combing Statement of Net Position**  
**June 30, 2015**

	Solid Waste Fund	Telecommunications Fund	Airport Fund	Total
<b>ASSETS</b>				
<u>Current Assets</u>				
Cash	\$ 79,414	\$ 51,356	\$ 6,072	\$ 136,842
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	88,349	-	-	88,349
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	9,442	9,442
Total Current Assets	<u>167,763</u>	<u>51,356</u>	<u>15,514</u>	<u>234,633</u>
<u>Noncurrent Assets</u>				
Capital Assets				
Nondepreciable Capital Assets	-	-	1,145,422	1,145,422
Depreciable Capital Assets	-	302,731	498,856	801,587
Accumulated Depreciation	-	(222,279)	(296,858)	(519,137)
Total Noncurrent Assets	<u>-</u>	<u>80,452</u>	<u>1,347,420</u>	<u>1,427,872</u>
<b>TOTAL ASSETS</b>	<u>167,763</u>	<u>131,808</u>	<u>1,362,934</u>	<u>1,662,505</u>
<b>LIABILITIES</b>				
<u>Current Liabilities</u>				
Accounts Payable	63,451	4,500	57	68,008
Accrued Expenses	14,801	-	-	14,801
Due to Other Funds	3,160	56,552	27,179	86,891
<b>TOTAL LIABILITIES</b>	<u>81,412</u>	<u>61,052</u>	<u>27,236</u>	<u>169,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned Revenues - Rent Proceeds	-	-	800	800
<b>NET POSITION</b>				
Investment in Capital Assets	-	80,452	1,347,420	1,427,872
Unrestricted	86,351	(9,696)	(12,522)	64,133
<b>TOTAL NET POSITION</b>	<u>\$ 86,351</u>	<u>\$ 70,756</u>	<u>\$ 1,334,898</u>	<u>\$ 1,492,005</u>

**CITY OF SYLVESTER, GEORGIA**  
**Non-major Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

	Solid Waste <u>Fund</u>	Telecommunications <u>Fund</u>	Airport <u>Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 728,258	\$ 414,540	\$ 3,200	\$ 1,145,998
<b>OPERATING EXPENSES</b>				
Operating Expenses	619,209	72,629	3,652	695,490
Depreciation	-	19,382	38,657	58,039
<b>TOTAL OPERATING EXPENSES</b>	<b>619,209</b>	<b>92,011</b>	<b>42,309</b>	<b>753,529</b>
<b>OPERATING INCOME (LOSS)</b>	<b>109,049</b>	<b>322,529</b>	<b>(39,109)</b>	<b>392,469</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Capital Grants	-	-	230,650	230,650
Income Before Transfer	109,049	322,529	191,541	623,119
Transfers In	-	-	11,360	11,360
Transfers Out	(80,000)	(320,000)	-	(400,000)
<b>CHANGE IN NET POSITION</b>	<b>29,049</b>	<b>2,529</b>	<b>202,901</b>	<b>234,479</b>
<b>NET POSITION - JULY 1, 2014</b>	<b>57,302</b>	<b>68,227</b>	<b>1,131,997</b>	<b>1,257,526</b>
<b>NET POSITION - JUNE 30, 2015</b>	<b>\$ 86,351</b>	<b>\$ 70,756</b>	<b>\$ 1,334,898</b>	<b>\$ 1,492,005</b>

**CITY OF SYLVESTER, GEORGIA**  
**Non-major Proprietary Funds**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2015**

	Solid Waste Fund	Telecommunications Fund	Airport Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 727,672	\$ 414,540	\$ 4,800	\$ 1,147,012
Cash Payments to Suppliers	(653,674)	(71,809)	(3,650)	(729,133)
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>73,998</b>	<b>342,731</b>	<b>1,150</b>	<b>417,879</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments to Other Funds	(46,406)	(306,163)	-	(352,569)
Payments from Other Funds	-	-	12,319	12,319
<b>NET CASH PROVIDED BY (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(46,406)</b>	<b>(306,163)</b>	<b>12,319</b>	<b>(340,250)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	-	-	(243,186)	(243,186)
Capital Grants Received	-	-	230,650	230,650
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(12,536)</b>	<b>(12,536)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	-	-	-	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>27,592</b>	<b>36,568</b>	<b>933</b>	<b>65,093</b>
<b>CASH AND CASH EQUIVALENTS - JULY 1, 2014</b>	<b>51,822</b>	<b>14,788</b>	<b>5,139</b>	<b>71,749</b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2015</b>	<b>\$ 79,414</b>	<b>\$ 51,356</b>	<b>\$ 6,072</b>	<b>\$ 136,842</b>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	109,049	322,529	(39,109)	392,469
Adjustments to Reconcile Operating Income				
(Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	-	19,382	38,657	58,039
(Increase) Decrease in Assets:				
Accounts Receivable	(586)	-	800	214
Due from Other Governments	-	-	-	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	(34,465)	820	2	(33,643)
Unearned Revenues	-	-	800	800
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>\$ 73,998</b>	<b>\$ 342,731</b>	<b>\$ 1,150</b>	<b>\$ 417,879</b>



**CITY OF SYLVESTER, GEORGIA**  
**Solid Waste Fund**  
**Statement of Net Position**  
**June 30, 2015**

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**ASSETS**

Current Assets

Cash	\$ 79,414
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	88,349
Due from Other Funds	-

TOTAL ASSETS 167,763

**LIABILITIES**

Current Liabilities

Accounts Payable	63,451
Accrued Expenses	14,801
Due to Other Funds	<u>3,160</u>

TOTAL LIABILITIES 81,412

**NET POSITION**

Unrestricted 86,351

TOTAL NET POSITION \$ 86,351

**CITY OF SYLVESTER, GEORGIA**  
**Solid Waste Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

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**OPERATING REVENUES**

Refuse Collection Fees	\$ 695,947
Landfill Collection Fees	26,711
Penalties	5,275
Other Revenues	<u>325</u>

TOTAL OPERATING REVENUES	<u>728,258</u>
--------------------------	----------------

**OPERATING EXPENSES**

Refuse Disposal Fees	406,088
Landfill Fees	210,292
Miscellaneous	<u>2,829</u>

TOTAL OPERATING EXPENSES	<u>619,209</u>
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OPERATING INCOME	<u>109,049</u>
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Income Before Transfers	109,049
-------------------------	---------

Transfers out	<u>(80,000)</u>
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CHANGE IN NET POSITION	29,049
------------------------	--------

NET POSITION-JULY 1, 2014	<u>57,302</u>
---------------------------	---------------

NET POSITION-JUNE 30, 2015	<u><u>\$ 86,351</u></u>
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**CITY OF SYLVESTER, GEORGIA**  
**Solid Waste Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 727,672
Cash Payments to Suppliers	<u>(653,674)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>73,998</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to Other Funds	<u>(46,406)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	<u>-</u>
Net Decrease in Cash and Cash Equivalents	27,592
CASH AND CASH EQUIVALENTS - JULY 1, 2014	<u>51,822</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2015	<u><u>\$ 79,414</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	109,049
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(586)
Increase (Decrease) in Liabilities:	
Accounts Payable	(34,465)
Accrued Liabilities	<u>-</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 73,998</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Telecommunications Fund**  
**Statement of Net Position**  
**June 30, 2015**

---

**ASSETS**

Current Assets

Cash \$ 51,356

Total Current Assets 51,356

Noncurrent Assets

Capital Assets

Fiber Optics System 299,671

Vehicles 3,060

Accumulated Depreciation (222,279)

Total Noncurrent Assets 80,452

TOTAL ASSETS 131,808

**LIABILITIES**

Current Liabilities

Accounts Payable 4,500

Due to Other Funds 56,552

TOTAL LIABILITIES 61,052

**NET POSITION**

Investment in Capital Assets 80,452

Unrestricted (9,696)

TOTAL NET POSITION \$ 70,756

**CITY OF SYLVESTER, GEORGIA**  
**Telecommunications Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

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**OPERATING REVENUES**

Telecom Charges	\$ 330,540
Internet Charges	<u>84,000</u>

TOTAL OPERATING REVENUES	<u>414,540</u>
--------------------------	----------------

**OPERATING EXPENSES**

Contractual Services	603
Internet Fees	37,440
Leases	9,055
Licenses	-
Professional Services	13,687
Repairs and Maintenance-System	11,844
Supplies	-
Depreciation	<u>19,382</u>

TOTAL OPERATING EXPENSES	<u>92,011</u>
--------------------------	---------------

OPERATING INCOME	<u>322,529</u>
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Income Before Transfers	322,529
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Transfers Out	<u>(320,000)</u>
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CHANGE IN NET POSITION	2,529
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NET POSITION-JULY 1, 2014	<u>68,227</u>
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NET POSITION-JUNE 30, 2015	<u><u>\$ 70,756</u></u>
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**CITY OF SYLVESTER, GEORGIA**  
**Telecommunications Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 414,540
Cash Payments to Suppliers	<u>(71,809)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>342,731</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to Other Funds	<u>(306,163)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
<u>-</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<u>-</u>	
Net Decrease in Cash and Cash Equivalents	36,568
CASH AND CASH EQUIVALENTS - JULY 1, 2014	<u>14,788</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2015	<u><u>\$ 51,356</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	322,529
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	19,382
Increase (Decrease) in Liabilities:	
Accounts Payable	<u>820</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 342,731</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Airport Fund**  
**Statement of Net Position**  
**June 30, 2015**

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**ASSETS**

Current Assets

Cash	\$	6,072
Due from Other Governments		9,442
Due from Other Funds		-
		-
Total Current Assets		15,514

Noncurrent Assets

<u>Capital Assets</u>		
Land		247,300
Land Improvements		492,816
Equipment		6,040
Construction in Progress		898,122
Accumulated Depreciation		(296,858)
		-
Total Noncurrent Assets		1,347,420

TOTAL ASSETS 1,362,934

**LIABILITIES**

Current Liabilities

Accounts Payable		57
Due to Other Funds		27,179
		27,179

TOTAL LIABILITIES 27,236

**DEFERRED INFLOWS OF RESOURCES**

Unearned Revenues - Rent Proceeds		800
		800

**NET POSITION**

Investment in Capital Assets		1,347,420
Unrestricted		(12,522)
		(12,522)

TOTAL NET POSITION \$ 1,334,898

**CITY OF SYLVESTER, GEORGIA**  
**Airport Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

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**OPERATING REVENUES**

Rent	\$ 3,200
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TOTAL OPERATING REVENUES	3,200
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Advertising	-
Dues and Licenses	330
Insurance	2,550
Repairs and Maintenance	-
Utilities	772
Depreciation	38,657

TOTAL OPERATING EXPENSES	42,309
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OPERATING LOSS	(39,109)
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**NON-OPERATING REVENUES**

Capital Grants	230,650
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Income Before Transfers	191,541
-------------------------	---------

Transfers In	11,360
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CHANGE IN NET POSITION	202,901
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NET POSITION-JULY 1, 2014	1,131,997
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NET POSITION-JUNE 30, 2015	\$ 1,334,898
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**CITY OF SYLVESTER, GEORGIA**  
**Airport Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 4,800
Cash Payments to Suppliers	<u>(3,650)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>1,150</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments from Other Funds	<u>12,319</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase and Construction of Capital Assets	(243,186)
Capital Grants Received	<u>230,650</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(12,536)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net Decrease in Cash and Cash Equivalents	933
CASH AND CASH EQUIVALENTS-JULY 1, 2014	<u>5,139</u>
CASH AND CASH EQUIVALENTS-JUNE 30, 2015	<u><u>\$ 6,072</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	(39,109)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	38,657
(Increase) Decrease in Assets:	
Accounts Receivable	800
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	2
Unearned Revenues - Rent	<u>800</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ 1,150</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**June 30, 2015**

	Balance		Balance
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>
			<u>June 30, 2015</u>

**Utility Energy Crisis**

**ASSETS**

Cash	\$ 760	\$ -	\$ -	\$ 760

**LIABILITIES**

Due to Other Governments	\$ 760	\$ -	\$ -	\$ 760

**Downtown Sylvester Farmer's Market**

**ASSETS**

Cash	\$ 2,547	\$ 1,426	\$ (1,429)	\$ 2,544

**LIABILITIES**

Due to Other Governments	\$ 2,547	\$ 1,426	\$ (1,429)	\$ 2,544

**Totals**

**ASSETS**

Cash	\$ 3,307	\$ 1,426	\$ (1,429)	\$ 3,304

**LIABILITIES**

Due to Other Governments	\$ 3,307	\$ 1,426	\$ (1,429)	\$ 3,304

**CITY OF SYLVESTER, GEORGIA**  
**Schedule of Projects Constructed with Special Sales Tax Proceeds**  
**Year Ended June 30, 2015**

**2005 Referendum**

Category	Original Estimated Cost	Revised Estimated Cost	Expenditures		Total	% Complete as of 6/30/2015
			Prior Years	Current Year		
City of Sylvester	\$ 2,168,414	\$ 2,168,414				
Roads, bridges and sidewalks			\$ 1,014,021	\$ -	\$ 1,014,021	
Municipal building renovations/ construction			21,044	-	21,044	
Water and sewer system improvements			251,718	-	251,718	
Library			4,983	-	4,983	
Parks and recreation improvements			120,213	-	120,213	
Public safety building and related equipment (1)	-	-	950,636	-	950,636	
<b>TOTAL</b>	<b>\$ 2,168,414</b>	<b>\$ 2,168,414</b>	<b>\$ 2,362,615</b>	<b>\$ -</b>	<b>\$ 2,362,615</b>	<b>100.00%</b>

(1) The City has incurred expenditures for debt service payments on a public safety project as follows:

Prior Years	\$ 1,171,187
Current Years	-
	<u>\$ 1,171,187</u>

**CITY OF SYLVESTER, GEORGIA**  
**Schedule of Projects Constructed with Special Sales Tax Proceeds**  
**Year Ended June 30, 2015**

**2011 Referendum**

Category	Original Estimated Cost	Revised Estimated Cost	Expenditures		Total	% Complete as of 6/30/2015
			Prior Years	Current Year		
Roads, bridges and sidewalks	\$ 400,000	\$ 400,000	\$ 184,112	\$ 164,422	\$ 348,534	87%
Municipal building renovations/ construction	750,000	750,000	85,100	-	85,100	11%
Water and sewer system improvements	250,000	250,000	-	12,300	12,300	5%
Parks and recreation improvements	150,000	150,000	-	25,000	25,000	17%
Public safety building and related equipment (1)	1,177,476	1,177,476	-	82,322	82,322	7%
<b>TOTAL</b>	<b>\$ 2,727,476</b>	<b>\$ 2,727,476</b>	<b>\$ 269,212</b>	<b>\$ 284,044</b>	<b>\$ 553,256</b>	

(1) The City has incurred expenditures for debt service payments on a public safety project as follows:

Prior Years	\$ 260,638
Current Years	183,994
	<u>\$ 444,632</u>

**CITY OF SYLVESTER, GEORGIA**  
**Community Development Block Grant**  
**Project Cost Schedule**  
**11p-x-159-2-5361**  
**Year Ended June 30, 2015**

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget CDBG Funds</u>	<u>Accumulative Expenditures To Date CDBG Funds</u>	<u>Accumulative Expenditures To Date Other Funds</u>	<u>Grant Total Expenditures To Date</u>
Water Facilities	P-03J-01	\$ 120,393	\$ 120,393	\$ 76,338	\$ 196,731
Sewer Facilities	P-03J-02	379,000	379,000	76,337	455,337
Contingencies - Unprogramed Funds	C-022-00	-	-	-	-
Total		<u>\$ 499,393</u>	<u>\$ 499,393</u>	<u>\$ 152,675</u>	<u>\$ 652,068</u>

**CITY OF SYLVESTER, GEORGIA**  
**Community Development Block Grant**  
**Source & Application of Funds Schedule**  
**11p-x-159-2-5361**  
**Year Ended June 30, 2015**

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Total Program Year 2011 CDBG Funds Allocated to Recipient	\$	500,000
Less: Deobligations		<u>607</u>
Net Program Year 2011 Funds Allocated to Recipient		<u>499,393</u>
Less: Total Program Year 2011 Funds Drawn Down by Recipient	\$	<u>499,393</u>
Funds Still Available from Program Year 2011 Resources	\$	<u><u>-</u></u>
Total Program Year 2011 CDBG Funds Drawn and Received by Recipient	\$	499,393
Local Matches and Other Receipts		<u>152,675</u>
Total Receipts Available for Program Year 2011 Costs		<u>652,068</u>
Less: Funds Applied and Expended to Program Year 2011 Costs		<u>652,068</u>
Total Program Year 2011 Funds Held by Recipient	\$	<u><u>-</u></u>

**CITY OF SYLVESTER, GEORGIA**  
**Community Development Block Grant**  
**Project Cost Schedule**  
**13p-x-159-2-5559**  
**Year Ended June 30, 2015**

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget CDBG Funds</u>	<u>Accumulative Expenditures To Date CDBG Funds</u>	<u>Accumulative Expenditures To Date Other Funds</u>	<u>Grant Total Expenditures To Date</u>
Water Facilities	P-03J-01	\$ 169,200	\$ 53,482	\$ 27,394	\$ 80,876
Sewer Facilities	P-03J-02	300,800	142,912	27,394	170,306
Contingencies - Unprogramed Funds	C-022-00	30,000	-	-	-
Total		<u>\$ 500,000</u>	<u>\$ 196,394</u>	<u>\$ 54,788</u>	<u>\$ 251,182</u>

**CITY OF SYLVESTER, GEORGIA**  
**Community Development Block Grant**  
**Source & Application of Funds Schedule**  
**13p-x-159-2-5559**  
**Year Ended June 30, 2015**

Total Program Year 2013 CDBG Funds Allocated to Recipient	\$	500,000
Less: Deobligations		<u>-</u>
Net Program Year 2013 Funds Allocated to Recipient		<u>500,000</u>
Less: Total Program Year 2013 Funds Drawn Down by Recipient	\$	<u>196,394</u>
Funds Still Available from Program Year 2013 Resources	\$	<u><u>303,606</u></u>
Total Program Year 2013 CDBG Funds Drawn and Received by Recipient	\$	196,394
Local Matches and Other Receipts		<u>54,788</u>
Total Receipts Available for Program Year 2013 Costs		<u>251,182</u>
Less: Funds Applied and Expended to Program Year 2013 Costs		<u>251,182</u>
Total Program Year 2013 Funds Held by Recipient	\$	<u><u>-</u></u>



**CITY OF SYLVESTER, GEORGIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures
U.S. Environmental Protection Agency:			
Pass-Through Georgia Environmental Finance Authority (GEFA):			
GEFA Capitalization Grants for Clean Water State Revolving Funds	66.458	CW 12002	\$ <u>335,633</u>
U.S. Department of Housing and Urban Development:			
Pass-Through Georgia Department of Community Affairs:			
CDBG Small Cities Program	14.228	13P-X-159-2-5559	<u>196,394</u>
U.S. Department of Homeland Security:			
Hazard Mitigation			
	97.039	HMGP1833-0040	<u>65,669</u>
U.S. Department of Transportation:			
Pass-Through Georgia Department of Transportation:			
Airport Improvement Program	20.106	APO13-9021-08(321)	<u>223,901</u>
Total Expenditures of Federal Awards			<u>\$ <u>821,597</u></u>

The schedule of expenditures of federal awards includes the federal grant activity of the City of Sylvester, Georgia, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used, in the preparation of the basic financial statements.

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# Hudson & NeSmith, CPAs

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Member  
*American Institute of Certified Public Accountants*  
*Georgia Society of Certified Public Accountants*  
*Private Companies Practice Section*

Ronald D. Hudson, CPA, CFP®

John A. NeSmith, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council  
City of Sylvester, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sylvester, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Sylvester, Georgia's basic financial statements and have issued our report thereon dated December 23, 2015.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies. We consider the deficiency (Item 2015-1) described in the accompany schedule of findings and questioned costs to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Sylvester, 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

### **Certified Public Accountants and Consultants**

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amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **City of Sylvester, Georgia's Response to Findings**

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

#### **Purpose of this Report**

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



Hudson & NeSmith, CPAs  
Sylvester, Georgia  
December 23, 2015

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# Hudson & NeSmith, CPAs

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Member  
*American Institute of Certified Public Accountants*  
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*Private Companies Practice Section*

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council  
City of Sylvester, Georgia

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Sylvester, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Sylvester, Georgia's major federal programs for the year ended June 30, 2015. The City of Sylvester, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Sylvester, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sylvester, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Sylvester, Georgia's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the City of Sylvester, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of the City of Sylvester, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Sylvester, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sylvester, Georgia's internal control over compliance.

#### **Certified Public Accountants and Consultants**

603 N. Main Street Post Office Box 589 Sylvester, Georgia 31791 P-(229)776-3311 F-(229)776-9455

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hudson & NeSmith, CPAs  
Sylvester, Georgia  
December 23, 2015

**CITY OF SYLVESTER, GEORGIA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

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**SECTION 1 - SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Sylvester, Georgia.
2. No material weaknesses relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and On Compliance Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. One significant deficiency relating to the audit of the financial statements is reported in the *Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards*.
4. No instances of noncompliance material to the financial statements were disclosed during the audit.
5. No significant deficiencies relating to the audit of the major federal award programs were reported in the *Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133*.
6. The auditor's report on compliance for all the major federal award programs for the City of Sylvester, Georgia expresses an unmodified opinion on all major federal programs.
7. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
8. The programs tested as major programs include:

**U.S. Department of Housing and Urban Development:**

*Community Development Block Grant (CDBG)*

CFDA #14.228

**U.S. Department of Transportation:**

*Airport Improvement Program*

CFDA #20.106

9. The threshold used for distinguishing between Type A and B programs was \$300,000.
10. The City of Sylvester, Georgia did not qualify as a low-risk auditee.

**SECTION 11-FINANCIAL STATEMENT FINDINGS**

**2014-1**

Segregation of Duties

**Condition and Criteria** – Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons. There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component unit.

**Effect** – The possibility that errors or irregularities will occur and not be detected on a timely basis in the normal course of business.

**Cause** – The limited number of personnel to perform all of the required duties.

**Recommendation** – Segregation of duties should be implemented to the extent practical and accounting records reviewed by responsible officials on a regular basis.

**Management's Response** – The City concurs with the recommendation. City management will work to continually improve and implement as many procedures as possible to improve internal controls in this area.

**CITY OF SYLVESTER, GEORGIA**  
**Schedule of Prior Audit Findings**  
**Year Ended June 30, 2015**

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**2014-1**     Segregation of Duties (*Government Auditing Standards Finding*)

**Condition and Criteria** – Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons. There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component unit.

**Recommendation** – Segregation of duties should be implemented to the extent practical and accounting records reviewed by responsible officials on a regular basis.

**Current Status** – This was a repeat finding in the current year.

**City of Sylvester  
P.O. Box 370  
101 N Main Street  
Sylvester, GA 31791  
Telephone: 229-776-8505**

December 23, 2015

Georgia Department of Audits and Accounts  
Atlanta, Georgia 30334-8400

Re: Section 11-Financial Statement Finding audit report year ending 6/30/2015.

2014-1 Segregation of Duties

We agree with the auditor's comments as to segregation of duties. The small staff prevents this at present; however we will continue to work to improve the situation.