

CITY OF FORSYTH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

Prepared under authority
of the Office of the
City Clerk

CITY OF FORSYTH, GEORGIA
TABLE OF CONTENTS
DECEMBER 31, 2014

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Title Page | i |
| Table of Contents | ii |
| Letter of Transmittal | iv |
| List of Principal Officials | xi |
| Organization Chart | xii |
| GFOA Certificate of Achievement | xiii |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements: | |
| Government-wide Financial Statements | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 14 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities | 17 |
| Statement of Revenues and Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund | 18 |
| Statement of Net Position – Proprietary Fund | 20 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund | 22 |
| Statement of Cash Flows – Proprietary Fund | 23 |
| Statement of Fiduciary Assets and Liabilities – Fiduciary Fund | 25 |
| Notes to the Financial Statements | 26 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Funding Progress – City of Forsyth Defined Benefit Plan Trust | 48 |
| SUPPLEMENTARY INFORMATION | |
| Statement of Changes in Assets and Liabilities – Fiduciary Fund | 49 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 50 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 51 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Fund | 52 |
| Schedule of Revenues, Expenditures and Changes in | |

CITY OF FORSYTH, GEORGIA
 TABLE OF CONTENTS
 DECEMBER 31, 2014

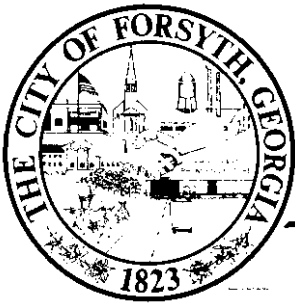
| | |
|--|----|
| Fund Balance – Budget and Actual – Police Special Revenue Fund | 53 |
| Schedule of Projects Constructed With Special Tax Proceeds | 54 |

STATISTICAL SECTION (Unaudited)

| | |
|---|----|
| Statistical Section Introduction | 55 |
| Net Position by Component – Last Ten Years | 56 |
| Changes in Net Position – Last Ten Years | 57 |
| Fund Balances, Governmental Funds – Last Ten Years | 59 |
| Changes in Fund Balances, Governmental Funds – Last Ten Years | 60 |
| General Government Expenditures by Function – Last Ten Years | 61 |
| General Government Revenues by Source – Last Ten Years | 62 |
| Sales Tax Collections and Rates – Last Ten Years | 63 |
| Assessed Value and Estimated Value of Taxable Property – Last Ten Years | 64 |
| Property Tax Levies and Collections – Last Ten Years | 65 |
| Property Tax Rates – Direct and Overlapping Governments – Last Ten Years | 66 |
| Principal Taxpayers – December 31, 2014 | 67 |
| Principal Taxpayers – December 31, 2005 | 68 |
| Ratio of Outstanding Debt by Type – Last Ten Years | 69 |
| Direct and Overlapping Governmental Activities Debt | 70 |
| Computation of Legal Debt Margin | 71 |
| Long Term Debt Burden – Combined Utilities Fund – Last Ten Years | 72 |
| Demographic and Economic Information | 73 |
| Principal Employers Current Year and Nine Years Ago | 74 |
| Full Time Equivalent City Government Employees by Function – Last Ten Years | 75 |
| Operating Indicators by Function – Last Ten Years | 76 |
| Capital Assets Statistics by Function – Last Ten Years | 77 |

GOVERNMENT REPORTS

| | |
|--|----|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> | 78 |
| Schedule of Findings and Responses | 80 |
| Summary Schedule of Prior Year Findings | 82 |



CITY OF FORSYTH

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

June 19, 2015

Honorable John Howard II, Mayor
And Members of the City Council
City of Forsyth
Forsyth, Georgia 31029

Mayor and Council Members:

The comprehensive annual financial report of the City of Forsyth, Georgia for the year ended December 31, 2014 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to have an audit in conformity with Governmental Auditing Standards. The auditors' report on compliance and internal control over financial reporting and the status of prior year findings is included in this report.

This report includes all funds of the government. The government provides a full range of services. These services include police protection, fire protection, the construction and maintenance of streets and drainage improvements, planning and zoning, engineering, building and code enforcement, electrical service, cable service, and water and sewer service.

A Mayor and six (6) City Council members serve the City of Forsyth. The Mayor and all City Council members are elected at large. All serve four (4) year terms. The Mayor can only serve two terms. The Mayor and City Council serve as the legislative body responsible for enacting City ordinances, resolutions, appropriating funds, and providing policy direction to City staff. The City Council appoints a City Manager, City Attorney, City Auditor, Municipal Court Judge, a planning and zoning board, and a design and review board. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The City Administrator and Department Directors have the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

General Information. The City of Forsyth is located in Monroe County. Forsyth was incorporated on December 10, 1823.

Economic Condition and Outlook

The City of Forsyth is located in central Monroe County, which is located in the central part of the state, approximately 60 miles south of Atlanta. Growth has been reflected in the City's governmental funds' revenue, which has increased from \$3,408,654 in 2005 to \$3,717,782 in 2014. The economic condition and outlook of the City remain strong as the area is predicted to have a sustained growth pattern through 2015. City leaders have recognized and plans have been developed and/or implemented to maintain balanced, controlled and planned developments in concert with an economic development plan that encourage appropriate growth. The economic growth has also placed increased demands on services, but the City has adopted a conservative approach and implemented programs to meet these demands. The City has still been able to provide its services at a cost per capita that is comparable to other communities with similar demographic and economic characteristics.

The financial position of the City deteriorated during the 2014 year. The primary causes of the deterioration were a large reduction in sales tax revenue due a decreased share of local option sales tax and reducing the millage rate to 3.5 mills. The City has been able to maintain or reduce the millage rate on Ad Valorem taxes for the past eleven years. A new special local option sales tax was passed and collections began in 2014.

Future stability for the City of Forsyth is good based upon the solid fund equity balance that is maintained in our funds. This shows that we have goals and objectives that the City can meet in the public service area: police and fire protection, street and drainage improvements, and infrastructure.

Major Initiatives

Mayor and City Council:

Overall Goals and Objectives - (1) Achieve all goals while striving for the lowest total cost for public services with a minimal property tax millage rate. (2) Maintain a managed growth policy that requires quality development in concert with our economic development strategy. (3) Provide for the public safety and welfare by committing appropriate resources to police, fire, streets, recreation, electric, cable, water and sewer. (4) Continue cooperative efforts with other governments. (5) Preserve our historic and cultural heritage.

Finance and Administration:

Overview - The Finance and Administrative Department consists of the City Administrator, City Clerk, and support personnel. The City Administrator is appointed by the Mayor and City Council and is responsible for the execution of policies and legislative action of the City Council, direction, control and coordination of operational agencies. The City Clerk is responsible for City Council agenda preparation, minutes and custodian of City records. The City Clerk also acts in a support role to the Mayor and City Council. The Clerk is responsible for planning, developing, implementing, and maintaining the administrative and financial operations of the City including purchasing and assisting the Mayor with preparing the annual budget and capital improvement plan.

Accomplishments:

- ❖ Continued implementing and updating the administrative policy manual.

- ❖ Continued to create computerized reports for financial use.
- ❖ Working with the Middle Georgia Regional Commission to update and/or rewrite city ordinances.
- ❖ Received the Certificate of Achievement for Excellence in Financial Reporting for the third year in a row.

Municipal Court:

Overview - The Municipal Court of Forsyth is dedicated to the principle of equal and timely access to justice so that all individuals are treated with integrity, honesty, equality, respect for the rule of law, and the rights of all. The Court uses all staff members in a collaborative effort to operate the court efficiently and effectively while maintaining public trust and confidence. The Municipal Court prepares and processes records, citations, warrants and other legal papers for the Court. Court personnel receive and deposit monies collected for fines and fees, set court dates, issue subpoenas and warrants, and prepare various reports, records, and other documents pertinent to the operation of the Court and those required by the State of Georgia.

Accomplishments:

- ❖ Continued training of staff with required knowledge of court procedures.
- ❖ Judge and Clerk sent to training sessions for handling court sessions and add-on fines.
- ❖ Community service workers used by different departments for various tasks; therefore, saving City funds.

Police:

Overview - The men and women of the Forsyth Police Department are committed to protect life, property, and the constitutional guarantees of all citizens of Forsyth and those who travel through our City. With community partnership as our foundation, we, as a department, are entrusted to enhance the quality of life, seek solutions to community problems and foster a sense of peace and security for all people within our City. We will honor this trust placed in us by holding ourselves to the highest standards of professional police conduct.

Accomplishments:

- ❖ The City continues to remain below the national average for criminal activity compared to cities across the state and nation with similar populations.
- ❖ The department continues to actively partner with schools targeting crime prevention, to continue a proactive effort toward reducing criminal activity.
- ❖ The department continues to encourage professional development. The total number of training hours were 2,006.
- ❖ Member of the governor's office of Highway Safety Traffic Enforcement Network.
- ❖ Increased equipment issued to officers, including AR-15 rifles, tasers and VieVu cameras.
- ❖ Continued a new prescription drop-off box for citizens to dispose of old prescription drugs. They collected over 200 pounds of old prescription drugs.
- ❖ Assisted daily with month long summer "Save the Children" camp.

Fire:

Overview - The City of Forsyth Fire Department responds to various types of emergency incidents including all types of fires, motor vehicle and other accidents, rescue calls, severe weather and flooding emergencies. Fire department personnel perform numerous prevention and public relations functions, fire safety inspections, annual hydrant maintenance, emergency management functions, and other specialty programs.

Accomplishments:

- ❖ Continues to maintain low average response times for emergency responses.
- ❖ Continues to enhance training levels of personnel to address increased threat of terrorism.
- ❖ Continues to work with other City departments in the development of City's threat level plan.
- ❖ Updating firefighter training to maintain all levels of Certification.
- ❖ Visited schools, day-care centers and Head Start to promote fire safety education.
- ❖ Continues to maintain I.S.O. rating of five for past 15 years, thereby saving citizens of Forsyth a substantial amount on insurance premiums.
- ❖ Continuing education/training for core competency to maintain state certification.
- ❖ Instituted smoke detector campaign to make sure every house Forsyth has a working smoke detector.
- ❖ Installed 310 smoke detectors in homes during 2014.

Public Works:

Overview - The City of Forsyth Public Works Department is responsible for the maintenance of all streets, sidewalks and drainage facilities located on public property. The department is also responsible for grass cutting along City streets and State highways and maintaining all three city cemeteries. The department provides landscaping services for public property. The Public Works Department provides emergency services including road closing and sandbagging flood prone areas.

Accomplishments:

- ❖ Continues to work on the Streetscape Project. This project includes redesigning and constructing downtown streets, sidewalks, and underground utilities.
- ❖ Continues to work on various road improvement projects.
- ❖ Privatized garbage pickup service.

Planning and Zoning:

Overview - The Planning and Zoning Department strives to maintain and improve the overall quality of life for all citizens of the City of Forsyth by promoting sustainable development, encouraging a stable and enduring economic base, providing for the safety, health and education, and preserving the natural, cultural and historic assets of the City of Forsyth. The Planning and Zoning Department coordinates the development and implementation of special area studies, plan review process, Zoning Ordinance, Sign Ordinance, and Landscape Ordinances. The Planning and Zoning Department expeditiously reviews and responds to all inquiries, applications, and studies dealing with current planning, zoning, subdivision, and land development to achieve a well designed, planned, and quality community in accordance with adopted ordinances, resolutions, and policies. The Planning and Zoning Department provides all necessary land use, economic, environmental, and social data upon which to base effective governmental decision resulting in orderly growth and development and a high quality of life for present and future citizens.

Accomplishments:

- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.

Electric:

Overview – The Electric Department is responsible for supplying electricity to City of Forsyth Residents for energy needs. They are also responsible for minimizing power outages.

Accomplishments:

- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Continues to work on maintaining low rates for citizens.
- ❖ Continues to work on minimizing time to correct power outages.
- ❖ Implemented electronic meters when possible to increase efficiency.
- ❖ Finished various conversions and upgrades around the city.
- ❖ Restored power after ice storm in February 2014.

Water and Sewer:

Overview - The Water and Sewer Department is responsible for supplying water to City of Forsyth residents for potable and fire fighting uses. They are also responsible for the treatment and disposal of the wastewater generated by the City of Forsyth as per regulations set forth by all state and federal agencies.

Accomplishments:

- ❖ Continuing to replace older water meters with new electronic models which will yield more accurate readings and should increase water revenues. This is an ongoing project.
- ❖ Continues to work with the Middle Georgia Regional Commission on developing a GIS map.
- ❖ Worked on several projects to upgrade old infrastructure.
- ❖ Completed South Interceptor and West Main Street sewer line projects.
- ❖ Obtained CDBG grant for future water upgrade to Mill Village.

Cable:

Overview – The Cable Department is responsible for supplying cable and internet services to City of Forsyth residents for entertainment. They are also responsible for minimizing cable outages experienced by cable and internet users.

Accomplishments:

- ❖ Continues to work on maintaining low rates for citizens.
- ❖ Sold cable system for \$1,500,000.

Financial information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principals generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not

absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that; (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Basis of accounting. The basis of accounting used determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Governmental fund types and expendable trust funds use the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The financial statements for the proprietary fund types are accounted for on the accrual basis of accounting. Under this method revenues are recorded when earned, and expenses are recognized when the liability is incurred.

Accounting systems. In developing and evaluating the City's accounting control system, consideration is given in the adequacy of internal accounting controls. Internal accounting controls comprise the plan of organization and the procedures and records concerned with safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

Budgetary control. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The level of budgetary control is on a departmental basis. A budget is legally adopted for all Governmental Fund types and Proprietary Fund types. Formal budgetary integration is employed as a management control device during the year. The budget is based on the same method of accounting as the fund it represents. Transfers of appropriations within a department budget or within a nondepartmental expenditure category require the approval of the finance director. Increase in appropriations in a departmental budget or in a nondepartmental expense category requires approval of the governing body in the form of amendments to the budget ordinance.

General government functions. Municipal activities and services are accounted for in the General Fund, Capital Improvement Fund, Special Revenue Funds, Fiduciary Fund and Enterprise Funds.

Capital Improvement Fund The capital improvement fund is used to account for capital projects that are being acquired or built. The City of Forsyth has one capital improvement fund: (1) SPLOST Fund

SPLOST Fund. The fund is used to account for special purpose local option sales tax proceeds for approved capital improvements. Total revenues equal \$454,482. Total expenditures were made in the amount of \$2,191,215 for approved capital projects and SPLOST bond debt service.

Special Revenue Fund. The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Forsyth has two Special Revenue Funds: (1) Hotel/Motel Tax Fund and (2) Special Police Revenue Fund.

Hotel/Motel Tax Fund. The fund is used to account for hotel/motel taxes collected for the use of tourism. Total revenues equal \$301,373. Expenditures were made in the amount of \$301,373 for tourism and recreation purposes.

Police Special Revenue Fund. The fund is used to account for police seizure monies from federal and state agencies to be used on police expenditures. Total revenues equal \$7,359. Expenditures were made in the amount of \$8,771 for police purposes.

Enterprise Fund. Business-type activities of the City of Forsyth are accounted for in the Enterprise Fund. The Enterprise Fund for the City of Forsyth is the Combined Utilities Fund.

Combined Utilities Fund. The Combined Utilities Fund charges City residents for the consumption of electricity, water and sewer, and cable. Total utility revenues for year 2014 were \$12,546,628. Total operating expenditures for year 2014 were \$13,288,131. The change in net assets after depreciation and non-operating revenues and/or expenses was (\$700,410) for the year 2014.

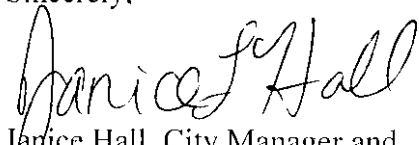
Relevant Financial Policies. Throughout the year, the city administrator and city clerk administer the governing council's approved financial policies. These policies address issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On a continuous basis, these policies are reviewed in order to maintain relativity to the changing financial needs of the government.

Other Information.

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Buckley & Hopkins, LLP was selected by the city council. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the clerk's office. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report

Sincerely,



Janice Hall, City Manager and
Chief Financial Officer

CITY OF FORSYTH, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR

John T. Howard, II

CITY COUNCIL MEMBERS

Greg Goolsby
Julius Stroud
Mike Dodd
Jimmy Jones
Melvin Lawrence
Eric Wilson

CITY MANAGER

Janice Hall

POLICE CHIEF

Keith Corley

FIRE CHIEF

David Herndon

STREET DEPARTMENT HEAD

Steve Jones

ELECTRIC DEPARTMENT HEAD

Alvin Randall

GARAGE DEPARTMENT HEAD

Steve Butler

METER DEPARTMENT HEAD

Steve Sikes

CEMETERY DEPARTMENT HEAD

Steve Jones

RECREATION DEPARTMENT HEAD

Steve Jones

BETTER HOMETOWN DIRECTOR

Loraine Khoury

MUNICIPAL COURT JUDGE

J. Kristi Lovelace

CITY ATTORNEY

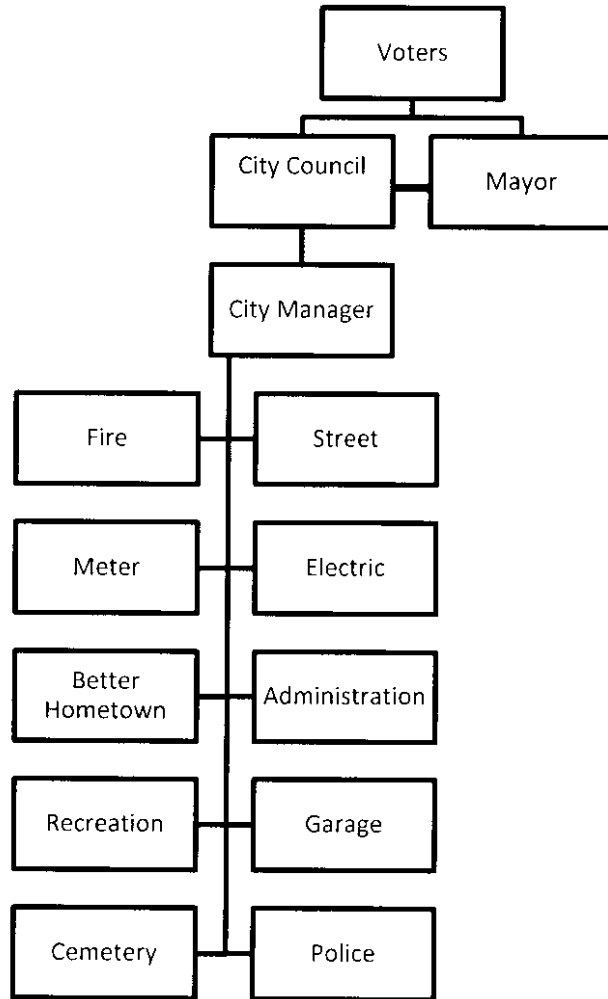
C. Robert Melton

CITY AUDITOR

Albert P. Hopkins, Jr., C.P.A.

CITY OF FORSYTH, GEORGIA

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Forsyth
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

FINANCIAL SECTION

BUCKLEY & HOPKINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Forsyth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Forsyth, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 Forsyth, Georgia, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the City of Forsyth's defined benefit plan on pages 4-11 and 49 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 Forsyth, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, statistical section, and the schedule of projects constructed with special sales tax proceeds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the City of Forsyth, 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 Forsyth, Georgia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Buckley J. Azim LLP". The signature is written in a cursive, flowing style.

Forsyth, Georgia
June 19, 2015

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

As management of the City of Forsyth, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the City's Primary Government activities exceeded its liabilities as of December 31, 2014, by \$19,501,459.
- As of December 31, 2014, total net position consisted of \$15,682,368 net investment in capital assets, \$54,302 restricted for debt service, \$9,187 restricted for police expenditures, \$1,058,254 restricted for capital outlay and \$2,697,348 unrestricted.
- As of December 31, 2014, the City's governmental funds reported ending fund balance of \$2,213,818, a decrease of \$1,588,017 in comparison with the prior year.
- As of December 31, 2014, the City's General Fund reported ending fund balance of \$1,146,377, an increase of \$133,260 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statements within the first component are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The statements within the second component are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These two statements include the statement of net position, and the statement of activities.

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. 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.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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).

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 administrative fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and parks and recreation.

The government-wide financial statements include not only the City of Forsyth government itself (known as the primary government), but also the component unit of the Downtown Development Authority of Forsyth. Financial information for the component unit is reported separately from the financial information presented for the primary government itself. Data for the component unit is presented in a separate column to emphasize that it is legally separate from the City.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. 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 of Forsyth, 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 of Forsyth can be divided into the following categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide 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 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 governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City of Forsyth maintains four (4) individual governmental funds.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

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 balance for the General Fund and the Capital Improvement Fund both of which are considered to be major funds. Data from the other (2) governmental funds is combined into a single, aggregated presentation. Individual fund data for this non-major governmental fund is provided in the form of both combining statements and individual fund statements elsewhere in this report.

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

Capital Improvements Fund

The City maintains one capital improvements fund. The capital improvements fund is used to account for the purchase or construction of major capital facilities for the City.

Proprietary Fund

The City maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the operation of the Combined Utilities 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 this Fund and are provided in the form of individual fund statements elsewhere in this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Forsyth, assets exceeded liabilities by \$19,501,459 at the close of the most recent fiscal year.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

A significant portion of the City's net position reflects its investment in capital assets (e.g., land buildings, machinery, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Forsyth's investment in capital assets is reported 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Law. The City Council establishes other funds to control and manage money for particular purposes.

City of Forsyth, Georgia Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets | | | | | | |
| Current and other assets | \$ 2,933,933 | \$ 4,329,346 | \$ 3,115,154 | \$ 2,888,893 | \$ 6,049,087 | \$ 7,218,239 |
| Capital assets, net of accumulated depreciation | 5,324,445 | 4,895,853 | 13,687,897 | 15,137,458 | 19,012,342 | 20,033,311 |
| Total assets | 8,258,378 | 9,225,199 | 16,803,051 | 18,026,351 | 25,061,429 | 27,251,550 |
| Liabilities | | | | | | |
| Current and other | 309,092 | 260,495 | 1,279,474 | 1,328,543 | 1,588,566 | 1,589,038 |
| Long-term liabilities | 3,959,237 | 4,452,291 | 12,167 | 38,520 | 3,971,404 | 4,490,811 |
| Total liabilities | 4,268,329 | 4,712,786 | 1,291,641 | 1,367,063 | 5,559,970 | 6,079,849 |
| Net position | | | | | | |
| Net investment in | | | | | | |
| capital assets | 2,006,638 | 3,231,493 | 13,675,730 | 15,098,938 | 15,682,368 | 18,330,431 |
| Restricted for debt service | 54,302 | 49,794 | - | - | 54,302 | 49,794 |
| Restricted for police expenditures | 9,187 | 10,599 | - | - | 9,187 | 10,599 |
| Restricted for capital outlay | 1,058,254 | 2,961 | - | - | 1,058,254 | 2,961 |
| Unrestricted | 861,668 | 1,217,566 | 1,835,680 | 1,560,350 | 2,697,348 | 2,777,916 |
| Total net position | \$ 3,990,049 | \$ 4,512,413 | \$ 15,511,410 | \$ 16,659,288 | \$ 19,501,459 | \$ 21,171,701 |

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

City of Forsyth, Georgia Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Program services | | | | | | |
| Charges for services | \$ 674,979 | \$ 850,222 | \$ 12,156,556 | \$ 11,371,998 | \$ 12,831,535 | \$ 12,222,220 |
| Operating grants and contributions | 136,305 | - | - | - | 136,305 | - |
| Capital grants and contributions | 710,021 | 905,585 | - | - | 710,021 | 905,585 |
| General revenues | | | | | | |
| Taxes | 2,283,616 | 2,510,372 | - | - | 2,283,616 | 2,510,372 |
| Investment & interest revenue | 2,646 | 1,244 | 42,014 | 570,720 | 44,660 | 571,964 |
| Other | 56,325 | 53,170 | 390,072 | 231,202 | 446,397 | 284,372 |
| Total revenues | 3,863,892 | 4,320,593 | 12,588,642 | 12,173,920 | 16,452,534 | 16,494,513 |
| Expenses | | | | | | |
| General government | 1,282,167 | 1,524,706 | - | - | 1,282,167 | 1,524,706 |
| Public safety | 2,161,085 | 2,148,535 | - | - | 2,161,085 | 2,148,535 |
| Public works | 1,161,433 | 1,332,709 | - | - | 1,161,433 | 1,332,709 |
| Better Hometown | 120,804 | 118,824 | - | - | 120,804 | 118,824 |
| Parks & recreation | 36,124 | 36,934 | - | - | 36,124 | 36,934 |
| Interest | 72,111 | 94,286 | - | - | 72,111 | 94,286 |
| Combined utilities | - | - | 13,289,052 | 11,973,073 | 13,289,052 | 11,973,073 |
| Total expenses | 4,833,724 | 5,255,994 | 13,289,052 | 11,973,073 | 18,122,776 | 17,229,067 |
| Change in net position before transfers | (969,832) | (935,401) | (700,410) | 200,847 | (1,670,242) | (734,554) |
| Transfers | 447,468 | 559,867 | (447,468) | (559,867) | - | - |
| Increase in net position | (522,364) | (375,534) | (1,147,878) | (359,020) | (1,670,242) | (734,554) |
| Net position, beginning | 4,512,413 | 4,887,947 | 16,659,288 | 17,018,308 | 21,171,701 | 21,906,255 |
| Net position, ending | \$ 3,990,049 | \$ 4,512,413 | \$ 15,511,410 | \$ 16,659,288 | \$ 19,501,459 | \$ 21,171,701 |

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

Governmental Funds

Most of the City's basic services are included here, such as public safety, public works, culture, recreation, and general administration. These focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Such information is useful in assessing Forsyth's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Forsyth's governmental funds reported combined ending fund balances of \$2,213,818, a decrease of \$1,588,017 from the prior year, primarily from the SPLOST fund expending \$2,191,215 on various projects and the repayment of their SPLOST anticipation bonds. Also the governmental funds were greatly affected by receiving a decrease in their percentage of collected local option sales tax with the county.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,083,345. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The SPLOST fund is the capital improvements fund of the City. At the end of the current fiscal year, the restricted for capital outlay fund balance was \$1,058,254 which was a decrease of \$1,719,865 from the previous year. This large decrease was primarily due from the city using their SPLOST proceeds for various projects.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the current fiscal year, net investment in capital assets and unrestricted net position were \$13,675,730 and \$1,835,680 respectively. The proprietary fund has been greatly affected by the City placing \$1,500,000 into a permanent trust with MEAG for a future electric plant project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund had a surplus of \$133,260 in revenues over expenditures. The General Fund financial condition became better due to large transfers from the Combined Utilities Fund during the current year. These transfers were necessary due to the decrease in sales tax revenues. The large decrease in sales tax revenues is directly related to a decrease in the percentage the City is entitled to from local option sales tax.

The 2014 adopted budget was amended during 2015, resulting in no negative variances plus an overall favorable result. The amended budget accommodated an increase in cost associated with the privatized trash pickup, by lowering the recreation department's budget.

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$19,012,342 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

The total net decrease in the City's investment in capital assets for the current fiscal year was 5.1% (an increase of 8.7% for governmental activities and a decrease of 9.6% for business-type activities). Some of the major capital asset events for the current year include improvements to Railroad Avenue and the construction of several sewer projects. The decrease in business-type assets resulted from the sale of the City's cable system. Additional information on the City's capital assets can be found in the note D on pages 35-36 of this report.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land and improvements | \$ 2,211,866 | \$ 2,211,866 | \$ 249,261 | \$ 399,261 | \$ 2,461,127 | \$ 2,611,127 |
| Distribution system | - | - | 25,085,289 | 28,434,399 | 25,085,289 | 28,434,399 |
| Buildings and improvements | 2,015,423 | 1,965,423 | 5,091,203 | 5,091,203 | 7,106,626 | 7,056,626 |
| Infrastructure | 2,433,540 | 1,921,292 | - | - | 2,433,540 | 1,921,292 |
| Machinery and equipment | 1,134,881 | 962,319 | 981,489 | 1,087,877 | 2,116,370 | 2,050,196 |
| Vehicles | 1,817,506 | 1,817,506 | 820,157 | 852,988 | 2,637,663 | 2,670,494 |
| Construction in progress | 144,365 | 107,674 | 229,155 | 710,425 | 373,520 | 818,099 |
| Total capital assets | 9,757,581 | 8,986,080 | 32,456,554 | 36,576,153 | 42,214,135 | 45,562,233 |
| Accumulated depreciation | (4,433,136) | (4,090,227) | (18,768,657) | (21,438,695) | (23,201,793) | (25,528,922) |
| Total capital assets | \$ 5,324,445 | \$ 4,895,853 | \$ 13,687,897 | \$ 15,137,458 | \$ 19,012,342 | \$ 20,033,311 |

CITY OF FORSYTH, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(UNAUDITED)

Long-Term Debt

As of December 31, 2014, Forsyth had approximately \$3.9 million in outstanding long-term debt, which does not include interest expense.

The city paid off their 2009 SPLOST bond during the year, which greatly reduced their governmental activities debt.

Additional information on Forsyth's long-term debt can be found in notes F-G on pages 37-40 of this report.

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| SPLOST bonds and premium | \$ 2,356,635 | \$ 2,787,931 | \$ - | \$ - | \$ 2,356,635 | \$ 2,787,931 |
| Capital leases | 4,254 | 16,683 | 12,167 | 38,520 | 16,421 | 55,203 |
| Landfill post-closure costs | 832,741 | 869,983 | - | - | 832,741 | 869,983 |
| Notes payable | 765,607 | 777,694 | - | - | 765,607 | 777,694 |
| Total debt | \$ 3,959,237 | \$ 4,452,291 | \$ 12,167 | \$ 38,520 | \$ 3,971,404 | \$ 4,490,811 |

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Forsyth, Georgia's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Janice Hall, 26 N. Jackson Street, Forsyth, Georgia 31029.

BASIC FINANCIAL STATEMENTS

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

| | Primary Government | | | Component Unit Downtown Development Authority |
|---|----------------------------|-----------------------------|----------------------|--|
| | Governmental Activities | Business-Type Activities | Total | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 1,011,321 | \$ 1,928,530 | \$ 2,939,851 | \$ 41,824 |
| Certificates of Deposit | 60,000 | - | 60,000 | - |
| Receivables, net of allowance | | | | |
| Claims | 130,442 | - | 130,442 | - |
| Taxes | 97,550 | - | 97,550 | - |
| Accounts | 24,710 | 728,128 | 752,838 | - |
| Due from other governments | 562,890 | - | 562,890 | - |
| Restricted assets | | | | |
| Cash and cash equivalents | 1,031,778 | - | 1,031,778 | - |
| Inventories | - | 441,161 | 441,161 | - |
| Prepayments | 2,941 | 17,335 | 20,276 | - |
| Capital assets not being depreciated: | | | | |
| Land | 447,243 | 249,261 | 696,504 | - |
| Construction in progress | 144,365 | 229,155 | 373,520 | 16,827 |
| Capital assets net of accumulated depreciation: | | | | |
| Buildings | 1,157,662 | 77,523 | 1,235,185 | - |
| Infrastructure | 2,110,166 | - | 2,110,166 | - |
| Furniture, fixtures & equipment | 235,946 | 55,695 | 291,641 | - |
| Vehicles | 317,845 | - | 317,845 | - |
| Land improvements | 911,218 | - | 911,218 | - |
| Distribution system | - | 13,076,263 | 13,076,263 | - |
| Unamortized bonds and capital lease costs | 12,301 | - | 12,301 | - |
| Total Assets | 8,258,378 | 16,803,051 | 25,061,429 | 58,651 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | 149,504 | 627,852 | 777,356 | - |
| Accrued liabilities | 139,609 | 77,537 | 217,146 | - |
| Customer deposits | - | 465,490 | 465,490 | - |
| Other liabilities | 19,979 | 108,595 | 128,574 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 505,314 | 12,167 | 517,481 | - |
| Due in more than one year | 3,453,923 | - | 3,453,923 | - |
| Total Liabilities | 4,268,329 | 1,291,641 | 5,559,970 | - |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | 2,006,638 | 13,675,730 | 15,682,368 | 16,827 |
| Restricted for | | | | |
| Restricted for debt service | 54,302 | - | 54,302 | - |
| Restricted for police expenditures | 9,187 | - | 9,187 | - |
| Restricted for capital outlay | 1,058,254 | - | 1,058,254 | - |
| Unrestricted | 861,668 | 1,835,680 | 2,697,348 | 41,824 |
| Total Net Position | \$ 3,990,049 | \$ 15,511,410 | \$ 19,501,459 | \$ 58,651 |

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Downtown Development Authority |
|--------------------------------------|-------------------|-------------------------|--|--|--|-----------------------------|----------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General government | \$ 1,282,167 | \$ 121,714 | \$ - | \$ 665,787 | \$ (494,666) | \$ - | \$ (494,666) | \$ - |
| Public safety | 2,161,085 | 261,547 | - | - | (1,899,538) | - | (1,899,538) | - |
| Public works | 1,161,433 | 291,718 | 136,305 | 44,234 | (689,176) | - | (689,176) | - |
| Recreation and parks | 36,124 | - | - | - | (36,124) | - | (36,124) | - |
| Better Hometown | 120,804 | - | - | - | (120,804) | - | (120,804) | - |
| Interest on long-term debt | 72,111 | - | - | - | (72,111) | - | (72,111) | - |
| Total governmental activities | <u>4,833,724</u> | <u>674,979</u> | <u>136,305</u> | <u>710,021</u> | <u>(3,312,419)</u> | <u>-</u> | <u>(3,312,419)</u> | <u>-</u> |
| Business-type Activities: | | | | | | | | |
| Combined Utility System - | | | | | | | | |
| Water & Sewer | 2,716,467 | 2,563,660 | - | - | - | (152,807) | (152,807) | - |
| Electric | 9,567,802 | 8,966,317 | - | - | - | (601,485) | (601,485) | - |
| Cable | 1,004,783 | 626,579 | - | - | - | (378,204) | (378,204) | - |
| Total business-type activities | <u>13,289,052</u> | <u>12,156,556</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,132,496)</u> | <u>(1,132,496)</u> | <u>-</u> |
| Total Primary Government | <u>18,122,776</u> | <u>12,831,535</u> | <u>136,305</u> | <u>710,021</u> | <u>(3,312,419)</u> | <u>(1,132,496)</u> | <u>(4,444,915)</u> | <u>-</u> |
| Downtown Development Authority | \$ - | \$ - | \$ - | \$ - | | | | - |
| Total Component Units | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | <u>\$ -</u> |
| General Revenues | | | | | | | | |
| Property Tax | | | | | 594,819 | - | 594,819 | - |
| Sales Tax | | | | | 891,040 | - | 891,040 | - |
| Insurance premium tax | | | | | 207,325 | - | 207,325 | - |
| Beer, wine and alcohol tax | | | | | 193,725 | - | 193,725 | - |
| Hotel/motel tax | | | | | 301,373 | - | 301,373 | - |
| Franchise tax | | | | | 95,334 | - | 95,334 | - |
| Investment and interest revenue | | | | | 2,646 | 42,014 | 44,660 | 20 |
| Miscellaneous | | | | | 56,325 | 390,072 | 446,397 | - |
| Total General Revenues | | | | | <u>2,342,587</u> | <u>432,086</u> | <u>2,774,673</u> | <u>20</u> |
| Transfers | | | | | 447,468 | (447,468) | - | - |
| Total General Revenues and Transfers | | | | | <u>2,790,055</u> | <u>(15,382)</u> | <u>2,774,673</u> | <u>20</u> |
| Change in Net Position | | | | | <u>(522,364)</u> | <u>(1,147,878)</u> | <u>(1,670,242)</u> | <u>20</u> |
| Net Position - Beginning of Year | | | | | <u>4,512,413</u> | <u>16,659,288</u> | <u>21,171,701</u> | <u>58,631</u> |
| Net Position - End of Year | | | | | <u>\$ 3,990,049</u> | <u>\$ 15,511,410</u> | <u>\$ 19,501,459</u> | <u>\$ 58,651</u> |

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

CITY OF FORSYTH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

| | General Fund | Major Governmental Fund (SPLOST Fund) | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------|--|-----------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 1,018,625 | \$ 962,499 | \$ 14,832 | \$ 1,995,956 |
| Certificate of Deposit | 60,000 | - | - | 60,000 |
| Receivables, net of allowance | | | | - |
| Claims | 130,442 | - | - | 130,442 |
| Taxes | 72,974 | - | 24,576 | 97,550 |
| Accounts | 24,710 | - | - | 24,710 |
| Due from other governments | 241,523 | 321,367 | - | 562,890 |
| Prepaid Assets | 2,941 | - | - | 2,941 |
| Total Assets | \$ 1,551,215 | \$ 1,283,866 | \$ 39,408 | \$ 2,874,489 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 135,197 | \$ 14,307 | \$ - | \$ 149,504 |
| Accrued liabilities | 55,378 | - | 30,221 | 85,599 |
| Other liabilities | 19,979 | - | - | 19,979 |
| Total Liabilities | 210,554 | 14,307 | 30,221 | 255,082 |
| <u>Deferred Inflow of Resources:</u> | | | | |
| Deferred revenue | 194,284 | 211,305 | - | 405,589 |
| Total Deferred Inflow of Resources | 194,284 | 211,305 | - | 405,589 |
| <u>Fund Balances:</u> | | | | |
| Nonspendable | 2,941 | - | - | 2,941 |
| Restricted for: | | | | |
| Capital Outlay | 5,789 | 1,058,254 | - | 1,064,043 |
| Debt Service | 54,302 | - | - | 54,302 |
| Committed | - | - | - | - |
| Assigned | - | - | 9,187 | 9,187 |
| Unassigned | 1,083,345 | - | - | 1,083,345 |
| Total Fund Balances | 1,146,377 | 1,058,254 | 9,187 | 2,213,818 |
| Total Liabilities and Fund Balances | \$ 1,551,215 | \$ 1,283,866 | \$ 39,408 | \$ 2,874,489 |

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

CITY OF FORSYTH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total Fund Equity per Balance Sheet of Governmental Funds \$ 2,213,818

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Capital Assets

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

| | |
|--------------------------|-------------|
| Cost of the assets | 9,757,581 |
| Accumulated depreciation | (4,433,135) |

Other Long-term Assets

Long-term assets are not available for use in the current period and, therefore, are not reported as fund assets.

| | |
|-------------------------------|--------|
| Unamortized SPLOST bond costs | 12,301 |
|-------------------------------|--------|

Revenues

Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

| | |
|------------------------------|---------|
| Receivables, taxes | 275,147 |
| Receivables, insurance claim | 130,442 |

Accrued Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Accrued liabilities associated with long term liabilities at year-end consist of the following:

| | |
|-----------------------------------|---------|
| 2012 SPLOST Bond Accrued interest | (6,868) |
|-----------------------------------|---------|

Long-term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:

| | |
|------------------------------------|------------------|
| Notes payable | (769,861) |
| SPLOST Bonds payable | (2,160,000) |
| Unamortized SPLOST bond premiums | (196,635) |
| Landfill closure/postclosure costs | <u>(832,741)</u> |

| | |
|-------------------|------------------|
| Total Adjustments | <u>1,776,231</u> |
|-------------------|------------------|

| | |
|---|----------------------------|
| Total Net Position of Governmental Activities | <u><u>\$ 3,990,049</u></u> |
|---|----------------------------|

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | General Fund | Major Governmental Fund (SPLOST Fund) | Nonmajor Governmental Funds | Total Governmental Funds |
|--|------------------|--|-----------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Taxes | | | | |
| Property tax | \$ 660,014 | \$ - | \$ - | \$ 660,014 |
| Sales tax | 891,040 | - | - | 891,040 |
| Insurance premium tax | 207,325 | - | - | 207,325 |
| Beer, wine and alcohol tax | 193,725 | - | - | 193,725 |
| Other taxes | 95,334 | - | 301,373 | 396,707 |
| License and permits | 121,714 | - | - | 121,714 |
| Intergovernmental | 180,539 | 454,086 | - | 634,625 |
| Fines and forfeitures | 254,194 | - | 7,353 | 261,547 |
| Charges for services | 291,718 | - | - | 291,718 |
| Investment earnings | 2,640 | 396 | 6 | 3,042 |
| Other revenues | 56,325 | - | - | 56,325 |
| Total Revenues | 2,954,568 | 454,482 | 308,732 | 3,717,782 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | 1,172,578 | - | 120,549 | 1,293,127 |
| Public safety | 2,009,716 | - | 8,771 | 2,018,487 |
| Public works | 1,098,622 | - | - | 1,098,622 |
| Recreation and parks | 12,789 | - | - | 12,789 |
| Better Hometown | 120,804 | - | - | 120,804 |
| Capital Outlays | - | 683,619 | - | 683,619 |
| Debt Service | | | | |
| Principal | 24,516 | 380,000 | - | 404,516 |
| Interest | 32,817 | 88,486 | - | 121,303 |
| Total Expenditures | 4,471,842 | 1,152,105 | 129,320 | 5,753,267 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (1,517,274) | \$ (697,623) | \$ 179,412 | \$ (2,035,485) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers in | \$ 1,657,790 | \$ 16,868 | \$ - | \$ 1,674,658 |
| Transfers out | (7,256) | (1,039,110) | (180,824) | (1,227,190) |
| Total other financing sources (uses) | 1,650,534 | (1,022,242) | (180,824) | 447,468 |
| Net Change in fund balances | 133,260 | (1,719,865) | (1,412) | (1,588,017) |
| Fund Balance, beginning of year | 1,013,117 | 2,778,119 | 10,599 | 3,801,835 |
| Fund Balance, end of year | \$ 1,146,377 | \$ 1,058,254 | \$ 9,187 | \$ 2,213,818 |

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

CITY OF FORSYTH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other
Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances \$ (1,588,017)

Amounts reported for governmental activities in the Statement of Activities differ from amounts
reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund
Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of
Activities, the cost of those assets is depreciated over their estimated useful lives and reported as
depreciation expense.

| | |
|-----------------------|-----------|
| Total capital outlays | 771,502 |
| Total depreciation | (342,909) |

Long-term Debt

The issuance of bonds and similar long-term debt provides current financial resources to
governmental funds and thus contributes to the change in the fund balance. In the Statement of Net
Position, however, issuing debt increases long-term liabilities and does not affect the Statement of
Activities. Similarly, repayment of principal is an expenditures in the governmental funds, but
reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of
issuance costs, premiums, discounts and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the Statement of Activities. The amounts of the items that
make up these differences in the treatment of long-term debt and related items are as follows:

| | |
|--|---------|
| Decrease in accrued bond debt service | 49,192 |
| Principal repayments | 404,516 |
| Decrease in postclosure landfill costs | 37,242 |

Revenues

Because some revenues will not be collected for several months after the government's fiscal year
end, they are not considered available revenues and are deferred in the governmental funds.

| | |
|--|----------------|
| Deferred revenues increased by this amount during the fiscal year. | <u>146,110</u> |
|--|----------------|

Total Adjustments

1,065,653

Change in Net Position of Governmental Activities

\$ (522,364)

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

CITY OF FORSYTH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget |
|----------------------------|-------------------------|--------------|---------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Taxes | | | | |
| General property tax | \$ 747,600 | \$ 747,600 | \$ 660,014 | \$ (87,586) |
| Local option sales tax | 940,000 | 940,000 | 891,040 | (48,960) |
| Insurance premium tax | 195,000 | 195,000 | 207,325 | 12,325 |
| Beer, wine and alcohol tax | 202,000 | 202,000 | 193,725 | (8,275) |
| Franchise fees | 105,700 | 105,700 | 95,334 | (10,366) |
| Licenses and permits | 99,700 | 99,700 | 121,714 | 22,014 |
| Intergovernmental | - | 200,000 | 180,539 | (19,461) |
| Fines and forfeitures | 549,700 | 549,700 | 254,194 | (295,506) |
| Charges for services | 393,700 | 393,700 | 291,718 | (101,982) |
| Investment income | 500 | 500 | 2,640 | 2,140 |
| Miscellaneous income | 5,000 | 5,000 | 56,325 | 51,325 |
| | <hr/> | | | |
| Total Revenues | 3,238,900 | 3,438,900 | 2,954,568 | (484,332) |
| <hr/> | | | | |
| <u>Expenditures:</u> | | | | |
| General Government | | | | |
| Administration | 925,737 | 925,737 | 915,550 | 10,187 |
| Governing Body | 247,967 | 247,967 | 243,579 | 4,388 |
| Mayor | 13,457 | 13,457 | 13,449 | 8 |
| | <hr/> | | | |
| Total General Government | 1,187,161 | 1,187,161 | 1,172,578 | 14,583 |
| <hr/> | | | | |
| Public Safety | | | | |
| Police | 1,538,507 | 1,538,507 | 1,297,778 | 240,729 |
| Fire | 744,535 | 744,535 | 677,104 | 67,431 |
| Municipal Court | 98,301 | 98,301 | 92,167 | 6,134 |
| | <hr/> | | | |
| Total Public Safety | \$ 2,381,343 | \$ 2,381,343 | \$ 2,067,049 | \$ 314,294 |
| <hr/> | | | | |

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

CITY OF FORSYTH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Public Works: | | | | |
| Streets/Sanitation | \$ 836,768 | \$ 840,768 | \$ 838,813 | \$ 1,955 |
| Garage | 186,304 | 186,304 | 174,925 | 11,379 |
| Cemetery | 143,732 | 143,732 | 84,884 | 58,848 |
| Total Public Works | <u>1,166,804</u> | <u>1,170,804</u> | <u>1,098,622</u> | <u>72,182</u> |
| Better Hometown | <u>120,808</u> | <u>120,808</u> | <u>120,804</u> | <u>4</u> |
| Recreation | <u>19,750</u> | <u>15,750</u> | <u>12,789</u> | <u>2,961</u> |
| Total expenditures | <u>4,875,866</u> | <u>4,875,866</u> | <u>4,471,842</u> | <u>404,024</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,636,966)</u> | <u>(1,436,966)</u> | <u>(1,517,274)</u> | <u>(80,308)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,636,966 | 1,436,966 | 1,657,790 | 220,824 |
| Transfers Out | - | - | (7,256) | (7,256) |
| Total other financing sources and uses | <u>1,636,966</u> | <u>1,436,966</u> | <u>1,650,534</u> | <u>213,568</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>133,260</u> | <u>\$ 133,260</u> |
| Fund balance, beginning of year | | | <u>1,013,117</u> | |
| Fund balance, end of year | | | <u>\$ 1,146,377</u> | |

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

| | <u>Business-type Activities Combined Utilities Fund</u> |
|--|---|
| <u>ASSETS</u> | |
| Current assets | |
| Cash and cash equivalents | \$ 1,928,530 |
| Receivables, net of allowance | |
| Accounts | 728,128 |
| Inventories | 441,161 |
| Prepaid expenses | <u>17,335</u> |
| Total current assets | <u>3,115,154</u> |
| Noncurrent assets | |
| Capital assets: | |
| Land | 249,261 |
| Construction in progress | 229,155 |
| Building and improvements | 5,091,203 |
| Machinery and equipment | 981,489 |
| Vehicles | 820,157 |
| Distribution system | 25,085,289 |
| Less accumulated depreciation | <u>(18,768,657)</u> |
| Total capital assets (net of accumulated depreciation) | <u>13,687,897</u> |
| Total noncurrent assets | <u>13,687,897</u> |
| Total Assets | <u>\$ 16,803,051</u> |

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014
(CONTINUED)

| | <u>Business-type Activities Combined Utilities Fund</u> |
|------------------------------------|---|
| <u>LIABILITIES</u> | |
| Current liabilities | |
| Accounts payable | \$ 627,852 |
| Accrued liabilities | 77,537 |
| Customer deposits | 465,490 |
| Other liabilities | 108,595 |
| Capital leases payable - current | 12,167 |
| Total current liabilities | <u>1,291,641</u> |
| Noncurrent liabilities | |
| Capital leases payable - long term | <u>-</u> |
| Total noncurrent liabilities | <u>-</u> |
| Total Liabilities | <u>1,291,641</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 13,675,730 |
| Unrestricted | <u>1,835,680</u> |
| Total Net Position | <u>\$ 15,511,410</u> |

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Business-type Activities Combined Utilities Fund</u> |
|--|---|
| <u>Operating revenues:</u> | |
| Charges for sales and services | |
| Water and sewer | \$ 2,563,660 |
| Electric | 8,966,317 |
| Cable | 626,579 |
| Miscellaneous | 390,072 |
| | 12,546,628 |
| <u>Operating expenses:</u> | |
| Salaries and benefits | 576,424 |
| Purchase of utilities | 7,624,055 |
| Materials and supplies | 359,920 |
| Repairs and maintenance | 122,178 |
| Depreciation | 1,023,901 |
| Management fees | 1,264,280 |
| Other | 2,317,373 |
| | 13,288,131 |
| Total operating income | (741,503) |
| <u>Nonoperating revenues (expenses):</u> | |
| Investment income | 42,014 |
| Interest expense | (921) |
| | 41,093 |
| Total nonoperating revenues (expenses) | 41,093 |
| Income before contributions and transfers | (700,410) |
| Transfers in | 1,029,497 |
| Transfers out | (1,476,965) |
| | (447,468) |
| Total contributions and transfers | (447,468) |
| Change in net position | (1,147,878) |
| Net position - beginning of year | 16,659,288 |
| Net position - end of year | \$ 15,511,410 |

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Business-type Activities Combined Utilities Fund</u> |
|---|---|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash received from customers | \$ 12,421,113 |
| Cash paid to suppliers for goods and services | (11,743,093) |
| Cash paid to employees | <u>(576,424)</u> |
| Net Cash Flows Provided by (Used for) Operating Activities | <u>101,596</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Transfers to other funds | <u>(1,476,965)</u> |
| Net Cash Flows Provided by (Used for) Noncapital Financing Activities | <u>(1,476,965)</u> |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | |
| Transfer in from SPLOST Fund | 1,029,497 |
| Sale of assets | 1,500,000 |
| Purchase of capital assets | (1,049,649) |
| Principal payments of capital lease | (26,353) |
| Interest payments | <u>(921)</u> |
| Net Cash Flows Provided by (Used for) Capital and Related Financing Activities | <u>1,452,574</u> |
| <u>Cash flows from Investing Activities:</u> | |
| Investment income | <u>42,014</u> |
| Net Cash Flows Provided by (Used for) Investing Activities | <u>42,014</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 119,219 |
| Cash and Cash Equivalents, Beginning of Year | <u>1,809,311</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 1,928,530</u></u> |

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

CITY OF FORSYTH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

| | <u>Business-type Activities Combined Utilities Fund</u> |
|--|---|
| <u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u> | |
| Net Operating Income (Loss) | <u>\$ (741,503)</u> |
| <u>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u> | |
| Depreciation | 1,023,901 |
| Changes in Assets and Liabilities: | |
| (Increase) decrease in accounts receivable | (138,399) |
| (Increase) decrease in inventories | 1,092 |
| (Increase) decrease in other current assets | 5,574 |
| Increase (decrease) in accounts payable | (74,003) |
| Increase (decrease) in accrued liabilities | 12,050 |
| Increase (decrease) in deposits | <u>12,884</u> |
| Total Adjustments | <u>843,099</u> |
| Net Cash Provided by (Used for) Operating Activities | <u><u>\$ 101,596</u></u> |

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

CITY OF FORSYTH, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2014

| | <u>Municipal Court Fund</u> |
|---------------------------|---------------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 47,143 |
| Total Assets | <u>\$ 47,143</u> |
| <u>LIABILITIES</u> | |
| Funds held in escrow | \$ 23,995 |
| Due to others | <u>23,148</u> |
| Total Liabilities | <u>\$ 47,143</u> |

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Forsyth, Georgia (City) is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financial accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit. The Downtown Development Authority of Forsyth was utilized to issue bonds related to the purchase and establishment of the cable system for the City of Forsyth. The governing board is appointed by the City Council. The Authority is fiscally dependent upon the City because the City provides the majority of the general fund revenues.

The Downtown Development Authority of Forsyth does not issue separate component unit financial statements.

Under Georgia law, the City in conjunction with other cities and counties in the Middle Georgia area is a member of the Middle Georgia Regional Commission (MGRC) and is required to pay annual dues thereto. Membership in an MGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the MGRC in Georgia. The MGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.0 provides that the member governments are liable for any debts or obligations of an MGRC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 Emery Highway
Macon, Georgia 31217

The Housing Authority of the City of Forsyth, Georgia is considered a related organization based upon the criteria of GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Forsyth, Georgia. The City of Forsyth, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Forsyth, Georgia is a related organization.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement activities) report information on all nonfiduciary activities of the primary government and its component unit. *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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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

The government reports the following major governmental funds:

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

The *special purpose local option sales tax fund* accounts for the activities of the government's special purpose local option sales tax.

The government reports the following major proprietary fund:

The *combined utility system fund* accounts for the activities of the government's electric, water and sewer and cable television systems.

The government reports the following fiduciary fund:

The *municipal court fund* accounts for the activities of the government's municipal court collected funds.

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

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

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

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component unit, are reported at fair value.

2. *Receivables and payables*

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are presented net of an allowance for uncollectibles. Trade accounts receivables in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance for uncollectible is equal to approximately 21 percent of the outstanding property taxes at December 31, 2014.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is billed on November 1 annually, and is due December 20. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. During 2014 the tax levy was billed on November 1 and was due December 20.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

3. *Inventories*

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

4. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable, as this amount is not available for general appropriation.

5. *Restricted assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

6. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Buildings | 40 |
| Building improvement | 20 |
| Land improvement | 10 |
| Public domain infrastructure | 40 |
| System infrastructure | 30 |
| Vehicles | 5 |
| Office equipment | 5 |
| Computer equipment | 5 |

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

7. *Compensated absences*

In accordance with the government's policy, employees are entitled to annual vacation and sick leave. These benefits do not accrue and cannot be carried forward to subsequent periods. Accordingly, there is no liability for unpaid accumulated vacation or sick leave.

8. *Long-term obligations*

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

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

9. *Fund Equity*

In the fund financial statements, governmental fund balances are classified based on the level of restrictions placed on the fund balances. The classifications include nonspendable, restricted, committed, assigned, and unassigned.

The City's policies require that committed fund balances can only be established by city council through resolution and released or modified from those restrictions by city council through resolution. Under the City's adopted fund assignment policy, the City allows the mayor and city clerk to assign fund balances for specific purposes that will benefit the city without council approval; however these assigned designations can be released by council or city administration.

When committed, assigned, and unassigned funds are available for use, it is the City's policy to use committed resources first, and then assigned resources, then unassigned resources as they are needed.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several supplemental budgetary appropriations throughout the year.

B. Expenditures in Excess of Appropriations

There were no material expenditures in excess of appropriations during the year ended December 31, 2014.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank the government will not be able to recover deposits. The city does not have a formal custodial risk policy. At December 31, 2014, the carrying amount of the City's deposits was \$1,582,936, and the bank balance was \$1,552,967 of the bank balance, \$1,552,967 was covered by federal depository insurance, or by collateral held by the City's agent or pledging financial institution. Georgia state law requires that balances be insured or collateralized at 110% of the bank's balance. As of the December 31, 2014, the city was in compliance with this state requirement.

B. Investments

Investments are stated at fair value.

State statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government Agencies, State of Georgia, Other States, Prime Banker's Acceptances, repurchase agreements and other political subdivisions of Georgia.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker’s acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

As of December 31, 2014, the City had no investments in financial securities.

C. Receivables

Receivables as of year-end for the government’s individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

| | General | Combined Utility Fund | Nonmajor Governmental Funds | Total |
|------------------------------------|-------------------|-----------------------------|-----------------------------------|-------------------|
| Receivables: | | | | |
| Taxes | \$ 92,974 | \$ - | \$ 24,576 | \$ 117,550 |
| Claims | 130,442 | - | - | 130,442 |
| Accounts | 30,710 | 857,128 | - | 887,838 |
| Gross Receivables | <u>254,126</u> | <u>857,128</u> | <u>24,576</u> | <u>1,135,830</u> |
| Less: allowance for uncollectibles | <u>(26,000)</u> | <u>(129,000)</u> | <u>-</u> | <u>(155,000)</u> |
| Total net receivables | <u>\$ 228,126</u> | <u>\$ 728,128</u> | <u>\$ 24,576</u> | <u>\$ 980,830</u> |

Revenues of the Combined Utility Revenue Fund are reported gross of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

| | |
|---|-------------------|
| Uncollectibles related to electric sales | \$ 80,000 |
| Uncollectibles related to water and sewer sales | <u>49,000</u> |
| Total uncollectibles of the current year | <u>\$ 129,000</u> |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

At the end of the current year, the various components of deferred revenues and unearned revenue reported in the governmental funds were as follows:

| | Unavailable | Unearned |
|--|-------------|----------|
| Delinquent property taxes receivable (general fund) | \$ 63,842 | \$ - |
| Insurance claims (general fund) | 130,442 | - |
| SPLOST receivable from county (SPLOST Fund) | 211,305 | - |
| Total deferred/unearned revenue for governmental funds | \$ 405,589 | \$ - |

D. Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

Primary Government

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------|-----------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 447,243 | \$ - | \$ - | \$ 447,243 |
| Construction in progress | 107,674 | 36,691 | - | 144,365 |
| Total capital assets, not being depreciated | 554,917 | 36,691 | - | 591,608 |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,965,423 | 50,000 | - | 2,015,423 |
| Infrastructure | 1,921,292 | 512,248 | - | 2,433,540 |
| Land improvements | 1,764,623 | - | - | 1,764,623 |
| Furniture, fixtures and equipment | 962,318 | 172,563 | - | 1,134,881 |
| Vehicles | 1,817,506 | - | - | 1,817,506 |
| Total capital assets being depreciated | 8,431,162 | 734,811 | - | 9,165,973 |
| Less accumulated depreciation for: | | | | |
| Buildings | (802,582) | (55,179) | - | (857,761) |
| Infrastructure | (245,098) | (78,276) | - | (323,374) |
| Land improvements | (772,925) | (80,480) | - | (853,405) |
| Furniture, fixtures and equipment | (836,392) | (62,543) | - | (898,935) |
| Vehicles | (1,433,230) | (66,431) | - | (1,499,661) |
| Total accumulated depreciation | (4,090,227) | (342,909) | - | (4,433,136) |
| Total capital assets, being depreciated, net | 4,340,935 | 391,902 | - | 4,732,837 |
| Governmental activities capital assets, net | \$ 4,895,852 | \$ 428,593 | \$ - | \$ 5,324,445 |

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|----------------------|----------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 399,261 | \$ - | \$ (150,000) | \$ 249,261 |
| Construction in progress | 710,425 | 161,569 | (642,839) | 229,155 |
| Total capital assets, not being depreciated | <u>1,109,686</u> | <u>161,569</u> | <u>(792,839)</u> | <u>478,416</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,091,203 | - | - | 5,091,203 |
| Distribution system | 28,434,399 | 1,520,379 | (4,869,489) | 25,085,289 |
| Machinery & equipment | 1,087,877 | 10,540 | (116,928) | 981,489 |
| Vehicles | 852,988 | - | (32,831) | 820,157 |
| Total capital assets, being depreciated | <u>35,466,467</u> | <u>1,530,919</u> | <u>(5,019,248)</u> | <u>31,978,138</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,009,259) | (4,421) | - | (5,013,680) |
| Distribution system | (14,569,663) | (986,751) | 3,547,388 | (12,009,026) |
| Machinery & equipment | (1,012,940) | (26,574) | 113,720 | (925,794) |
| Vehicles | (846,833) | (6,155) | 32,831 | (820,157) |
| Total accumulated depreciation | <u>(21,438,695)</u> | <u>(1,023,901)</u> | <u>3,693,939</u> | <u>(18,768,657)</u> |
| Total capital assets, being depreciated, net | <u>14,027,772</u> | <u>507,018</u> | <u>(1,325,309)</u> | <u>13,209,481</u> |
| Business-type activities capital assets, net | <u>\$ 15,137,458</u> | <u>\$ 668,587</u> | <u>\$(2,118,148)</u> | <u>\$ 13,687,897</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|---------------------|
| Government activities: | |
| General government | \$ 70,075 |
| Public safety | 142,597 |
| Public works | 106,902 |
| Recreation | 23,335 |
| Total depreciation expense-governmental activities | <u>\$ 342,909</u> |
| Business-type activities: | |
| Electric | \$ 91,556 |
| Water and Sewer | 811,198 |
| CATV | 121,147 |
| Total depreciation expense-business-type activities | <u>\$ 1,023,901</u> |

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

E. Interfund Receivables, Payables, and Transfers

There were no interfund balances as of December 31, 2014.

The composition of interfund transfers as of December 31, 2014, is as follows:

| <u>Transfer out:</u> | <u>Transfer in:</u> | | | <u>Purpose</u> |
|-----------------------------|---------------------|-----------------|-----------------------|--------------------------------------|
| | General Fund | SPLOST Fund | Combined Utilities | |
| Hotel/Motel | \$ 180,824 | \$ - | \$ - | Reimburse Promotion of Tourism Costs |
| Combined utilities | 1,476,965 | - | - | Reimburse Operating Costs |
| General fund | - | 7,256 | - | Reimburse Improper Use |
| Major governmental - SPLOST | - | - | 1,029,497 | Water and Sewer Capital Improvements |
| Total | \$ 1,657,789 | \$ 7,256 | \$ 1,029,497 | |

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

F. Capital Leases

In 2010, the City entered into a capital lease to purchase a Ditch Witch RT80 Trencher. The lease for \$82,119 is due in monthly installments of \$1,499.04, including interest at 3.64%, for a term of five years ending in 2015.

In 2010, the City entered into a capital lease to purchase three Ford F-150s. The lease for \$49,239 is due in monthly installments of \$898.61, including interest at 3.63%, for a term of five years ending in 2015.

In 2010, the City entered into a capital lease to purchase a 2007 John Deere Backhoe and Trailer. The lease for \$58,250 is due in monthly installments of \$1,072.36, including interest at 3.98%, for a term of five years ending in 2015.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

| <u>Year Ended</u> <u>December 31</u> | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> |
|---|--|---|
| 2015 | \$ 4,288 | \$ 12,286 |
| Total minimum lease payments | 4,288 | 12,286 |
| Less: amount representing interest | (34) | (119) |
| Present value of minimum lease payments | <u>\$ 4,254</u> | <u>\$ 12,167</u> |

Amortization associated with these capital leases are included in depreciation.

G. Long-term Debt

2009 SPLOST Bonds

In 2009, the City, in conjunction with Monroe County, issued bonds of \$9,500,000 in anticipation of receiving special purpose local option sales tax proceeds. The City is responsible for \$2,030,000 of the total amount of the bonds. The bonds consist of 11 semi-annual payments of varying amounts in accordance with the bond ordinance. The annual interest rate is 3.203%. This bond was paid off in 2014.

2012 SPLOST Bonds

In 2012, the City, in conjunction with City of Culloden and Monroe County, issued bonds of \$12,650,000 in anticipation of receiving special purpose local option sales tax proceeds starting in 2014. The City is responsible for \$2,160,000 of the total amount of the bonds. The bonds consist of 15 semi-annual payments of varying amounts in accordance with the bond ordinance. The annual interest rate is 3.000% through December 1, 2015 and then increases to 4.000% for the remainder of the bond terms. At issuance of the bond, the city received a premium of \$307,776, which is being amortized at a rate of \$51,296 per year over the life of the bond.

Annual debt service requirements to maturity for the bonds payable are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|-------------------|
| 2015 | \$ 400,000 | \$ 82,400 |
| 2016 | 415,000 | 70,400 |
| 2017 | 430,000 | 53,800 |
| 2018 | 450,000 | 36,600 |
| 2019 | 465,000 | 18,600 |
| Total | <u>\$ 2,160,000</u> | <u>\$ 261,800</u> |

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

Notes Payable

In 2005 the City obtained a note payable totaling \$862,080 from the United States Department of Agriculture for cost reimbursements associated with the construction of the Public Safety Building. The note consists of 478 monthly payments in the amount of \$3,742 and a final balloon payment in the amount of \$2,646.08. The annual interest rate is 4.25%.

Annual debt service requirements to maturity for the notes payable are as follows:

| Year | Principal | Interest |
|-----------|-------------------|-------------------|
| 2015 | \$ 12,612 | \$ 32,292 |
| 2016 | 13,159 | 31,745 |
| 2017 | 13,729 | 31,175 |
| 2018 | 14,324 | 30,580 |
| 2019 | 14,945 | 29,959 |
| 2020-2024 | 85,017 | 139,503 |
| 2025-2029 | 105,109 | 119,411 |
| 2030-2034 | 129,947 | 94,573 |
| 2035-2039 | 163,504 | 61,026 |
| 2040-2044 | 197,567 | 28,746 |
| 2045 | 15,694 | 2,170 |
| Total | <u>\$ 765,607</u> | <u>\$ 601,180</u> |

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|-------------|---------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| USDA | \$ 777,694 | \$ - | \$ (12,087) | \$ 765,607 | \$ 12,612 |
| 2009 SPLOST bonds | 380,000 | - | (380,000) | - | - |
| 2012 SPLOST bonds | 2,160,000 | - | - | 2,160,000 | 400,000 |
| 2012 SPLOST premium | 247,931 | - | (51,296) | 196,635 | 51,296 |
| Capital leases | 16,683 | - | (12,429) | 4,254 | 4,254 |
| Postclosure landfill costs | 869,983 | - | (37,242) | 832,741 | 37,152 |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 4,452,291</u> | <u>\$ -</u> | <u>\$ (493,054)</u> | <u>\$ 3,959,237</u> | <u>\$ 505,314</u> |

For the governmental activities, compensated absences, and postclosure landfill costs are generally liquidated by the General fund.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|-------------|--------------------|-------------------|------------------------|
| Business-type activities: | | | | | |
| Capital leases | \$ 38,520 | \$ - | \$ (26,353) | \$ 12,167 | \$ 12,167 |
| Business-type activities | | | | | |
| Long-term liabilities | <u>\$ 38,520</u> | <u>\$ -</u> | <u>\$ (26,353)</u> | <u>\$ 12,167</u> | <u>\$ 12,167</u> |

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors or omissions. The City purchases commercial insurance for most types of risk. The government manages risk through various employee education and prevention programs.

The City has property, general liability, criminal, inland marine, workers' compensation, and employers' liability coverages. The policies have various deductibles ranging from \$500 to \$1,000 and co-insurance of 90% with replacement value on buildings and personal property. Policy limits extend from \$1,000,000 per occurrence to a general aggregate of \$3,000,000.

Liability insurance expense and workers' compensation expense totaled \$106,317 and \$121,751, respectively, for the year ended December 31, 2014.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

J. Contingent Liabilities

Grants

Amounts received or receivable from grant 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 amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Commitments

The City has entered into power sales contracts together with 45 other cities and one county in the State of Georgia with the Municipal Electric Authority of Georgia (MEAG). Under terms of these contracts, the City purchases power and energy for resale to its electric system customers.

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

K. Tax Revenues

Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Monroe County.

Upon completion of all assessments and tax returns, the information is turned over to the Monroe County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

During 2014 taxes were levied on November 1 and were due and payable on or before December 20. Unpaid property taxes attached as an enforceable lien on property as of April 1, 2015.

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

Hotel/Motel Taxes

A summary of the hotel/motel excise tax receipts and expenditures for the year ended December 31, 2014, is as follows:

| Expenditures by Purpose | Tax | |
|-------------------------|-------------------|-------------|
| | Receipts | Percentage |
| Chamber of Commerce | \$ 120,549 | 40% |
| General Fund | 180,824 | 60% |
| Total | <u>\$ 301,373</u> | <u>100%</u> |

L. Net Investment in Capital Assets

Net investment in capital assets on the Government-wide statement of net position as of December 31, 2014, are as follows:

| | Governmental Activities | Business-type Activities |
|-----------------------------------|----------------------------|-----------------------------|
| Net investment in capital assets: | | |
| Cost of capital assets | \$ 9,757,581 | \$ 32,456,554 |
| Less accumulated depreciation | <u>(4,433,136)</u> | <u>(18,768,657)</u> |
| Book value | 5,324,445 | 13,687,897 |
| Less capital related debt | <u>(3,317,807)</u> | <u>(12,167)</u> |
| Net investment in capital assets | <u>\$ 2,006,638</u> | <u>\$ 13,675,730</u> |

M. Nonspendable Fund Balance

Nonspendable fund balance on the governmental funds balance sheet, as of December 31, 2014, consisted of prepaid insurance of \$2,941 in the general fund.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

N. Restricted, Committed, and Assigned Fund Balance

Restricted, committed, and assigned fund balance on the governmental funds balance sheet as of December 31, 2014, consisted of:

| | <u>General Fund</u> | <u>SPLOST Fund</u> | <u>Police Special Revenue Fund</u> |
|-------------------------------------|---------------------|--------------------|--|
| Restricted fund balance | | | |
| Fire department equipment purchases | \$ 5,789 | \$ - | \$ - |
| Debt service of USDA note | 54,302 | - | - |
| SPLOST referendum purchases | - | 1,058,254 | - |
| Assigned fund balance | | | |
| Police department purchases | \$ - | \$ - | \$ 9,187 |

O. Pension Plan

Plan Description

The City's defined benefit pension plan, City of Forsyth Retirement Plan (the Plan), provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. Financial statements for the plan can be obtained by writing:

Georgia Municipal Association
210 Pryor Street
Atlanta, Georgia 30303

Significant Account Policies

Basis of Accounting. The plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the plan.

Plan member contributions (not currently required) are recognized in the period in which contributions are due. City contributions are recognized when due and the City has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable.

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

Investments in securities are valued at current market prices. The GMEBS trust fund is invested, approximately, in 57% equities and 43% fixed income.

Funding Policy

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth minimum funding standards for state and local government pension plans.

Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the City, to establish and amend from time-to-time the contribution rates for the City and its plan participants.

Annual Pension Cost

For the plan year, the City's annual pension cost of \$193,558 was equal to the City's required and actual contributions.

Three-Year Trend Information for the Plan

| Plan Year Beginning | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|---------------------------|---------------------------------|-------------------------------------|---|
| 1/1/2013 | \$ 170,140 | 100% | \$ - |
| 1/1/2014 | 193,558 | 100% | - |
| 1/1/2015 | 197,022 | 100% | - |

The required contribution was determined as part of the July 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return net of administrative expenses), and (b) projected salary increases of 3.5% per year. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The current equivalent amortization period (ESAP) is calculated at 12 years.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014, the most recent actuarial valuation date, is as follows:

CITY OF FORSYTH, GEORGIA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 7-1-2014 | \$ 4,433,470 | \$ 4,792,220 | \$ 358,750 | 92.51% | \$ 2,098,355 | 17.10% |

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

Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of July 1, 2014. The following summarizes the actuarial methods and assumptions used in that valuation:

| | |
|--|---|
| Valuation date | July 1, 2014 |
| Actuarial cost method | Projected unit credit |
| 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. |
| Amortization method | Closed level dollar for remaining unfunded liability |
| Remaining amortization period | Varies for the bases, the weighted average currently is calculated at 12 years (ESAP) |
| Actuarial assumptions: | |
| Assumed rate of return | 7.75% |
| Expected future salary increases | 3.50% |
| Expected inflation | 3.50% |
| Cost of living adjustments | 0.00% |
| Membership of the Plan | |
| Retirees and beneficiaries | 46 |
| Terminated plan members entitled to, but not yet receiving benefits | 24 |
| Active plan members | <u>65</u> |
| Total | 135 |

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

P. Other Post-Employment Benefits

The City provides funding for continued healthcare benefits to retired employees. The Healthcare Plan, administered by Coventry Health Care of Georgia, Inc., provides medical and prescription drug benefits to those who qualify. Continued healthcare benefits in the form of single coverage will be paid at 99% of the premium. All city employees may become eligible for post employment health care benefits if they retire with a 70 year total of age plus years employed with the city. This benefit is limited to a period until the employee reaches age 65, at which time the benefit terminates. The City has the authority to amend or terminate this benefit. The Healthcare Plan was established by City Council and it may be amended by the same Council.

The Healthcare Plan is a single-employer defined benefit post-retirement healthcare. The City has not elected to advance fund the Plan, but rather maintains the Plan on a “pay as you go” basis. In 2014, early retiree health insurance had 24 participants and an annual cost of \$35,920.

The City also provides funding for life insurance benefits to retired employees. The Term Life Plan, administered by Mutual of Omaha Insurance Company, provides life insurance coverage to those who qualify. Life insurance benefits in the form of \$30,000 term life will be paid at 100% of the premium. All city employees may become eligible for post employment life insurance benefits if they retire with a 70 year total of age plus years employed with the city. The benefit is provided until death of the retiree. The City has the authority to amend or terminate this benefit. The Term Life Plan was established by City Council and it may be amended by the same Council.

The Term Life Plan is a single-employer defined benefit term life plan. The City has not elected to advance fund the Plan, but rather maintains the Plan on a “pay as you go” basis. In 2014, term life insurance had 88 participants and an annual cost of \$43,155.

Neither Plan has had actuarial calculations performed to establish net OPEB obligation since annual cost is minimal to the City’s annual budget and the city pays both benefits on a “pay as you go” basis.

Q. Closure and Postclosure of Care Cost

State and federal laws and regulations require the Landfill to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although, closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the landfill reports a portion of these closure and postclosure care

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

costs as an operating expense in each period based on landfill capacity used as of each balance sheet. The \$832,741 reported as landfill closure and postclosure care liability at December 31, 2014, represents the cumulative amount reported to-date based on the use of 100% of the estimated capacity of the landfill site. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

R. Legal Contracts and Agreements

The City of Forsyth, Georgia is one of approximately 47 participants who have entered into Power and Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participant, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to the rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if at any time, (i) a project is terminated prior to completion, or (ii) a project declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to an "obligation share" of the Authority's costs attributable to such projects. In case of default by a participant under its contracts relating to any of the various projects, such participant would remain liable to the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until; such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

The City of Forsyth approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the cost of power generated by MEAG facilities, after deregulation of the electric industry.

CITY OF FORSYTH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

S. Subsequent Events

City's management evaluated subsequent events through June 19, 2015 and found no reportable events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FORSYTH, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2014

City of Forsyth Defined Benefit Plan Trust
 Schedule of Funding Progress

| Actuarial Valuation Year | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded/ (Assets in Excess of) AAL (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded/ (Assets in Excess of) AAL as a Percentage of Covered Payroll {(b-a)/c} |
|--------------------------------|--|--|---|--------------------------|-----------------------------|---|
| 7/1/2014 | \$ 4,433,470 | \$ 4,792,220 | \$ 358,750 | 92.5% | \$ 2,098,355 | 17.1% |
| 7/1/2013 | 4,241,491 | 4,669,442 | 427,951 | 90.8% | 2,168,464 | 19.7% |
| 7/1/2012 | 4,061,407 | 4,412,506 | 351,099 | 92.0% | 2,221,250 | 15.8% |
| 7/1/2011 | 3,877,032 | 4,145,465 | 268,433 | 93.5% | 1,827,556 | 14.7% |
| 7/1/2010 | 3,738,615 | 4,059,845 | 321,230 | 92.1% | 1,963,398 | 16.4% |
| 10/1/2009 | 3,618,929 | 3,560,874 | (58,055) | 101.6% | 1,952,103 | -3.0% |
| 9/1/2008 | 3,451,837 | 3,335,946 | (115,891) | 103.5% | 1,815,861 | -6.4% |
| 12/31/2006 | 3,634,756 | 2,919,107 | (715,649) | 124.5% | 1,813,684 | -39.5% |
| 12/31/2005 | 3,270,371 | 2,888,274 | (382,097) | 113.2% | 2,118,581 | -18.0% |
| 12/31/2004 | 3,122,499 | 2,259,567 | (862,935) | 138.2% | 1,761,610 | -49.0% |

SUPPLEMENTARY INFORMATION

CITY OF FORSYTH, GEORGIA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | Municipal Court Fund | | | |
|---------------------------|----------------------|------------|--------------|----------------------|
| | Balance | Additions | Deductions | Balance |
| | December 31, 2013 | | | December 31, 2014 |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 43,526 | \$ 354,665 | \$ (351,048) | \$ 47,143 |
| Total Assets | \$ 43,526 | \$ 354,665 | \$ (351,048) | \$ 47,143 |
| <u>LIABILITIES</u> | | | | |
| Funds held in escrow | \$ 16,218 | \$ 163,146 | \$ (155,369) | \$ 23,995 |
| Due to others | 27,308 | 191,519 | (195,679) | 23,148 |
| Total Liabilities | \$ 43,526 | \$ 354,665 | \$ (351,048) | \$ 47,143 |

CITY OF FORSYTH, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2014

| | Special Revenue Fund | Special Revenue Fund Police Special Revenue | Total Nonmajor Governmental Funds |
|--|-------------------------|---|--|
| | Hotel/Motel Tax Fund | | |
| <u>ASSETS</u> | | | |
| Cash | \$ 5,645 | \$ 9,187 | \$ 14,832 |
| Receivables, net of allowance | 24,576 | - | 24,576 |
| Total Assets | \$ 30,221 | \$ 9,187 | \$ 39,408 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accrued liabilities | \$ 30,221 | \$ - | \$ 30,221 |
| Total Liabilities | 30,221 | - | 30,221 |
| Fund Balances: | | | |
| Assigned | | | |
| Assigned for police expenditures | - | 9,187 | 9,187 |
| Assigned for tourism expenditures | - | - | - |
| Total Fund Balances | - | 9,187 | 9,187 |
| Total Liabilities and Fund Balances | \$ 30,221 | \$ 9,187 | \$ 39,408 |

CITY OF FORSYTH, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Special Revenue Fund</u> | <u>Special Revenue Fund</u> | Total |
|--|---------------------------------|--------------------------------------|-----------------------------------|
| | Hotel/Motel Tax Fund | Police Special Purpose Revenue | Nonmajor Governmental Funds |
| <u>Revenues:</u> | | | |
| Hotel/Motel Taxes | \$ 301,373 | \$ - | \$ 301,373 |
| Fines and Forfeitures | - | 7,353 | 7,353 |
| Investment Earnings | - | 6 | 6 |
| Total Revenues | <u>301,373</u> | <u>7,359</u> | <u>308,732</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Agencies | 120,549 | - | 120,549 |
| Public safety | - | 8,771 | 8,771 |
| Total Expenditures | <u>120,549</u> | <u>8,771</u> | <u>129,320</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>180,824</u> | <u>(1,412)</u> | <u>179,412</u> |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfers (to) from other funds | <u>(180,824)</u> | - | <u>(180,824)</u> |
| Total other financing sources (uses) | <u>(180,824)</u> | - | <u>(180,824)</u> |
| Net change in fund balances | - | (1,412) | (1,412) |
| Fund Balance, beginning of year | <u>-</u> | <u>10,599</u> | <u>10,599</u> |
| Fund Balance, end of year | <u>\$ -</u> | <u>\$ 9,187</u> | <u>\$ 9,187</u> |

CITY OF FORSYTH, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Initial Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-----------------|------------|---|
| <u>Revenues:</u> | | | | |
| Hotel/Motel Tax | \$ - | \$ 310,000 | \$ 301,373 | \$ (8,627) |
| Total Revenues | - | 310,000 | 301,373 | (8,627) |
| <u>Expenditures:</u> | | | | |
| General government: | | | | |
| Chamber of Commerce | - | 124,000 | 120,549 | 3,451 |
| Total Expenditures | - | 124,000 | 120,549 | 3,451 |
| Excess of Revenues Over (Under) Expendi | - | 186,000 | 180,824 | (5,176) |
| <u>Other Financing Uses:</u> | | | | |
| Transfers to other funds | - | (186,000) | (180,824) | 5,176 |
| Total Other Financing Sources (Uses) | - | (186,000) | (180,824) | 5,176 |
| Excess of Revenues Over (Under) Other Financing Uses | \$ - | \$ - | - | \$ - |
| Fund Balance, beginning of year | | | - | |
| Fund Balance, end of year | | | \$ - | |

CITY OF FORSYTH, GEORGIA
POLICE SPECIAL PURPOSE REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Initial Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-----------------|-----------------|---|
| <u>Revenues:</u> | | | | |
| Fine and Forfeitures | \$ - | \$ 10,000 | \$ 7,353 | \$ (2,647) |
| Investment Earnings | - | 10 | 6 | (4) |
| Total Revenues | - | 10,010 | 7,359 | (2,651) |
| <u>Expenditures:</u> | | | | |
| Public safety | - | 10,010 | 8,771 | 1,239 |
| Total Expenditures | - | 10,010 | 8,771 | 1,239 |
| Excess of Revenues Over (Under) Expendi | - | - | (1,412) | (1,412) |
| <u>Other Financing Uses:</u> | | | | |
| Transfers to other funds | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Excess of Revenues Over (Under) Other Financing Uses | \$ - | \$ - | (1,412) | \$ (1,412) |
| Fund Balance, beginning of year | | | 10,599 | |
| Fund Balance, end of year | | | <u>\$ 9,187</u> | |

CITY OF FORSYTH, GEORGIA
 SCHEDULE OF PROJECTS CONSTRUCTED
 WITH SPECIAL SALES TAX PROCEEDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | Original Estimated Cost | Revised Estimated Cost | Prior Year(s) | Current Year | Total | Estimated Percentage of Completion |
|------------------------------|-------------------------------|------------------------------|---------------------|---------------------|---------------------|---|
| 2007 SPLOST | | | | | | |
| Water & Sewer Upgrades | \$ 1,200,000 | \$ 1,200,000 | \$ 1,202,721 | \$ 38,590 | \$ 1,241,311 | 103.44% |
| Road Improvements | 900,000 | 850,000 | 320,196 | 463,848 | 784,044 | 92.24% |
| Streetscape Project | 600,000 | 600,000 | 706,190 | - | 706,190 | 117.70% |
| Public Safety Vehicles | 600,000 | 650,000 | 649,441 | - | 649,441 | 99.91% |
| City Park Improvements | 402,000 | 402,000 | 248,131 | - | 248,131 | 61.72% |
| Old City Hall Rehabilitation | 300,000 | 312,097 | 312,097 | - | 312,097 | 100.00% |
| Downtown Parking | 198,000 | 198,000 | 197,131 | - | 197,131 | 99.56% |
| | <u>\$ 4,200,000</u> | <u>\$ 4,212,097</u> | <u>\$ 3,635,907</u> | <u>\$ 502,438</u> | <u>\$ 4,138,345</u> | |
| 2014 SPLOST | | | | | | |
| Water & Sewer Upgrades | \$ 3,220,000 | \$ 3,220,000 | \$ 716,642 | \$ 1,000,520 | \$ 1,717,162 | 53.33% |
| Road Improvements | 550,000 | 550,000 | - | 85,091 | 85,091 | 15.47% |
| Public Safety Vehicles | 470,000 | 470,000 | - | 134,680 | 134,680 | 28.66% |
| City Park Improvements | 285,000 | 285,000 | - | - | - | 0.00% |
| Downtown Improvements | 75,000 | 75,000 | - | - | - | 0.00% |
| | <u>\$ 4,600,000</u> | <u>\$ 4,600,000</u> | <u>\$ 716,642</u> | <u>\$ 1,220,291</u> | <u>\$ 1,936,933</u> | |

NOTE: The difference in total SPLOST expenditures of \$1,722,729 as noted above, and total expenditures of the SPLOST Fund of \$2,191,215 is bond principal of \$380,000, bond debt service of \$88,486.

STATISTICAL SECTION (Unaudited)

CITY OF FORSYTH, GEORGIA
STATISTICAL SECTION INTRODUCTION
FOR THE YEAR ENDED DECEMBER 31, 2014

STATISTICAL SECTION

The statistical section provides users with additional historical perspective, content, and detail to assist in understanding the information in the financial statements, notes to the financial statements, and for assessing the City's economic condition.

CONTENTS

Financial Trends *Page 56*

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity *Page 63*

These schedules contain information to help the reader assess the City's most significant local revenue sources, sales taxes and ad valorem taxes.

Debt Capacity *Page 69*

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information *Page 73*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information *Page 75*

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

CITY OF FORSYTH, GEORGIA
NET POSITION BY COMPONENT
LAST TEN YEARS

| | Calendar Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 1,989,261 | \$ 2,030,681 | \$ 1,916,483 | \$ 2,304,823 | \$ 2,234,834 | \$ 2,822,419 | \$ 3,983,777 | \$ 4,048,105 | \$ 3,231,493 | \$ 2,006,638 |
| Restricted | - | - | 266,774 | 771,272 | 983,515 | 822,839 | 1,272,016 | 430,819 | 63,354 | 63,489 |
| Unrestricted | (696,735) | (424,713) | (492,417) | (423,564) | (120,777) | 518,173 | (440,645) | 409,023 | 1,217,566 | 1,919,922 |
| Total governmental activities net position | 1,292,526 | 1,605,968 | 1,690,840 | 2,652,531 | 3,097,572 | 4,163,431 | 4,815,148 | 4,887,947 | 4,512,413 | 3,990,049 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | 8,816,244 | 10,410,925 | 12,340,821 | 15,329,342 | 15,021,681 | 15,149,564 | 15,009,325 | 14,745,496 | 15,098,938 | 13,675,730 |
| Restricted | 962,013 | 994,050 | 1,089,332 | 471,000 | 471,000 | 471,000 | 471,000 | 471,000 | - | - |
| Unrestricted | 6,506,580 | 4,376,600 | 2,969,585 | 1,008,840 | 762,192 | 1,860,272 | 2,335,630 | 1,801,812 | 1,560,350 | 1,835,680 |
| Total business-type activities net position | 16,284,837 | 15,781,575 | 16,399,738 | 16,809,182 | 16,254,873 | 17,480,836 | 17,815,955 | 17,018,308 | 16,659,288 | 15,511,410 |
| Primary government total: | | | | | | | | | | |
| Net investment in capital assets | 10,805,505 | 12,441,606 | 14,257,304 | 17,634,165 | 17,256,515 | 17,971,983 | 18,993,102 | 18,793,601 | 18,330,431 | 15,682,368 |
| Restricted | 962,013 | 994,050 | 1,356,106 | 1,242,272 | 1,454,515 | 1,293,839 | 1,743,016 | 901,819 | 63,354 | 1,121,743 |
| Unrestricted | 5,809,845 | 3,951,887 | 2,477,168 | 585,276 | 641,415 | 2,378,445 | 1,894,985 | 2,210,835 | 2,777,916 | 2,697,348 |
| Total primary government net position | \$ 17,577,363 | \$ 17,387,543 | \$ 18,090,578 | \$ 19,461,713 | \$ 19,352,445 | \$ 21,644,267 | \$ 22,631,103 | \$ 21,906,255 | \$ 21,171,701 | \$ 19,501,459 |

**CITY OF FORSYTH, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS**

| | Calendar Year | | | | | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,259,527 | \$ 1,551,765 | \$ 1,468,309 | \$ 1,218,640 | \$ 1,410,070 | \$ 1,448,306 | \$ 1,283,799 | \$ 1,320,752 | \$ 1,524,706 | \$ 1,282,167 |
| Public safety | 1,553,755 | 1,811,849 | 2,028,036 | 2,026,424 | 1,901,616 | 2,030,713 | 2,497,117 | 2,313,436 | 2,148,535 | 2,161,085 |
| Public works | 1,260,002 | 1,232,752 | 1,772,474 | 1,375,092 | 1,145,762 | 1,177,152 | 1,299,110 | 1,247,275 | 1,332,709 | 1,161,433 |
| Better Hometown | - | 20,460 | 23,712 | 94,993 | 92,612 | 94,744 | 79,813 | 100,168 | 118,824 | 120,804 |
| Recreation and parks | 13,598 | 110,055 | 126,543 | 14,039 | 24,603 | 19,653 | 67,301 | 59,110 | 36,934 | 36,124 |
| Economic Development | - | - | 259,000 | - | - | - | - | - | - | - |
| Interest on long-term debt | 26,797 | 31,583 | 46,828 | 42,205 | 115,991 | 92,883 | 85,385 | 74,021 | 94,286 | 72,111 |
| Total governmental activities expenses | 4,113,679 | 4,758,464 | 5,724,902 | 4,771,393 | 4,690,654 | 4,863,451 | 5,312,525 | 5,114,762 | 5,255,994 | 4,833,724 |
| Business-type activities: | | | | | | | | | | |
| Water and Sewer | 2,188,155 | 2,452,951 | 2,744,406 | 2,497,429 | 2,347,640 | 2,594,367 | 2,766,489 | 2,763,021 | 2,765,315 | 2,716,467 |
| Electric | 4,113,835 | 4,611,114 | 5,029,797 | 4,833,497 | 5,522,070 | 6,312,351 | 6,939,331 | 7,375,402 | 7,843,734 | 9,567,802 |
| Cable | 1,333,144 | 1,434,759 | 1,558,407 | 1,429,371 | 1,471,354 | 1,357,940 | 1,373,193 | 1,386,110 | 1,364,024 | 1,004,783 |
| Total business-type activities expenses | 7,635,134 | 8,498,824 | 9,332,610 | 8,760,297 | 9,341,064 | 10,264,658 | 11,079,013 | 11,524,533 | 11,973,073 | 13,289,052 |
| Total primary government expenses | 11,748,813 | 13,257,288 | 15,057,512 | 13,531,690 | 14,031,718 | 15,128,109 | 16,391,538 | 16,639,295 | 17,229,067 | 18,122,776 |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 100,646 | 98,821 | 114,744 | 241,996 | 120,383 | 104,718 | 127,796 | 103,346 | 143,867 | 121,714 |
| Public safety | 439,548 | 455,202 | 644,759 | 364,864 | 347,537 | 375,063 | 452,485 | 520,036 | 391,328 | 261,547 |
| Public works | 273,532 | 276,650 | 413,885 | 380,780 | 387,501 | 399,480 | 428,856 | 388,715 | 315,027 | 291,718 |
| Recreation and parks | - | - | - | - | 10,150 | - | - | - | - | - |
| Operating grants and contributions | 61,932 | 189,898 | 60,756 | 34,292 | 25,600 | 1,000 | 42,232 | - | 4,750 | 136,305 |
| Capital grants and contributions | 50,000 | - | - | - | - | 1,176,180 | 1,098,773 | 715,875 | 900,835 | 710,021 |
| Total governmental activities program revenues | 925,658 | 1,020,571 | 1,234,144 | 1,021,932 | 891,171 | 2,056,441 | 2,150,142 | 1,727,972 | 1,755,807 | 1,521,305 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and Sewer | 1,781,035 | 1,993,426 | 2,372,834 | 2,092,204 | 2,054,720 | 2,238,758 | 2,381,675 | 2,348,384 | 2,324,264 | 2,563,660 |
| Electric | 5,275,375 | 5,094,481 | 5,962,160 | 5,778,944 | 5,945,079 | 7,324,525 | 7,417,847 | 7,488,911 | 8,006,946 | 8,966,317 |
| Cable | 1,150,793 | 1,116,644 | 1,110,666 | 1,116,143 | 1,130,365 | 1,107,994 | 1,106,494 | 1,080,843 | 1,040,788 | 626,579 |
| Operating grants and contributions | - | - | 3,679 | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | 1,087,448 | 608,482 | 42,866 | 760,565 | 650,000 | - | - | - |
| Total business-type activities program revenues | 8,207,203 | 8,204,551 | 10,536,787 | 9,595,773 | 9,173,030 | 11,431,842 | 11,556,016 | 10,918,138 | 11,371,998 | 12,156,556 |
| Total primary governmental program revenues | \$ 9,132,861 | \$ 9,225,122 | \$ 11,770,931 | \$ 10,617,705 | \$ 10,064,201 | \$ 13,488,283 | \$ 13,706,158 | \$ 12,646,110 | \$ 13,127,805 | \$ 13,677,861 |

CITY OF FORSYTH, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS (CONTINUED)

| | Calendar Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (3,188,021) | \$ (3,737,893) | \$ (4,490,758) | \$ (3,749,461) | \$ (3,799,483) | \$ (2,807,010) | \$ (3,162,383) | \$ (3,386,790) | \$ (3,500,187) | \$ (3,312,419) |
| Business-type activities | 572,069 | (294,273) | 1,204,177 | 835,476 | (168,034) | 1,167,184 | 477,003 | (606,395) | (601,075) | (1,132,496) |
| Total primary government expense | (2,615,952) | (4,032,166) | (3,286,581) | (2,913,985) | (3,967,517) | (1,639,826) | (2,685,380) | (3,993,185) | (4,101,262) | (4,444,915) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | 568,629 | 518,526 | 483,576 | 612,791 | 636,400 | 613,754 | 609,299 | 621,760 | 669,123 | 594,819 |
| Sales taxes | 985,913 | 1,227,317 | 2,049,597 | 2,532,017 | 2,151,560 | 1,478,126 | 1,581,895 | 1,102,851 | 1,031,557 | 891,040 |
| Other taxes and licenses | 893,527 | 877,483 | 911,794 | 751,993 | 852,450 | 839,930 | 791,468 | 799,138 | 809,692 | 797,757 |
| Investment earnings | 3,020 | 24,961 | 35,478 | 12,632 | 7,463 | 1,483 | 1,145 | 558 | 1,244 | 2,646 |
| Miscellaneous | 38,977 | 47,087 | 102,428 | 29,166 | 54,913 | 64,327 | 91,482 | 277,793 | 53,170 | 56,325 |
| Transfers | (189,586) | 1,355,961 | 992,757 | 772,553 | 541,738 | 875,249 | 738,811 | 657,489 | 559,867 | 447,468 |
| Total governmental activities | 2,300,480 | 4,051,335 | 4,575,630 | 4,711,152 | 4,244,524 | 3,872,869 | 3,814,100 | 3,459,589 | 3,124,653 | 2,790,055 |
| Business-type activities: | | | | | | | | | | |
| Sales tax | 543,475 | 675,205 | - | - | - | - | - | - | - | - |
| Investment earnings | 529,221 | 471,768 | 406,743 | 489,859 | 155,463 | 754,159 | 456,593 | 413,264 | 570,720 | 42,014 |
| Miscellaneous | - | - | - | - | - | 13,281 | 140,334 | 52,973 | 231,202 | 390,072 |
| Transfers | 189,586 | (1,355,961) | (992,757) | (915,891) | (541,738) | (708,661) | (738,811) | (657,489) | (559,867) | (447,468) |
| Total business-type activities | 1,262,282 | (208,988) | (586,014) | (426,032) | (386,275) | 58,779 | (141,884) | (191,252) | 242,055 | (15,382) |
| Total primary government | 3,562,762 | 3,842,347 | 3,989,616 | 4,285,120 | 3,858,249 | 3,931,648 | 3,672,216 | 3,268,337 | 3,366,708 | 2,774,673 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | (887,541) | 313,442 | 84,872 | 961,691 | 445,041 | 1,065,859 | 651,717 | 72,799 | (375,534) | (522,364) |
| Business-type activities | 1,834,351 | (503,261) | 618,163 | 409,444 | (554,309) | 1,225,963 | 335,119 | (797,647) | (359,020) | (1,147,878) |
| Total primary government | \$ 946,810 | \$ (189,819) | \$ 703,035 | \$ 1,371,135 | \$ (109,268) | \$ 2,291,822 | \$ 986,836 | \$ (724,848) | \$ (734,554) | \$ (1,670,242) |

CITY OF FORSYTH, GEORGIA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS

| | Calendar Year | | | | | | | | | |
|---|---------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| <i>Prior to implementation of GASB 54</i> | | | | | | | | | | |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 47,149 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 336,039 | 648,298 | 546,956 | 586,107 | 736,299 | - | - | - | - | - |
| Total general fund | 336,039 | 648,298 | 546,956 | 633,256 | 736,299 | - | - | - | - | - |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | - | - | 266,774 | 724,123 | 2,990,426 | - | - | - | - | - |
| Unreserved | - | - | - | 71,560 | 83,188 | - | - | - | - | - |
| Total all other governmental funds | - | - | 266,774 | 795,683 | 3,073,614 | - | - | - | - | - |
| <i>After implementation of GASB 54</i> | | | | | | | | | | |
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Fund | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | 16,202 | 23,522 | 3,494 | 5,784 | 2,941 |
| Restricted | - | - | - | - | - | 45,876 | 47,019 | 73,608 | 55,029 | 60,091 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | 1,071,596 | 984,215 | 872,761 | 952,304 | 1,083,345 |
| Total general fund | - | - | - | - | - | 1,133,674 | 1,054,756 | 949,863 | 1,013,117 | 1,146,377 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | 278,728 | 324,849 | 328,986 | 288,043 | - |
| Restricted | - | - | - | - | - | 2,394,415 | 1,373,548 | 3,162,844 | 2,490,076 | 1,058,254 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | 59,520 | 83,493 | 44,803 | 10,599 | 9,187 |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | - | - | - | - | - | 2,732,663 | 1,781,890 | 3,536,633 | 2,788,718 | 1,067,441 |
| Total governmental funds | \$ 336,039 | \$ 648,298 | \$ 813,730 | \$ 1,428,939 | \$ 3,809,913 | \$ 3,866,337 | \$ 2,836,646 | \$ 4,486,496 | \$ 3,801,835 | \$ 2,213,818 |

Note 1: Fund balances terminology changed in June 15, 2010 with the implementation of GASB statement 54.

CITY OF FORSYTH, GEORGIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS

| | Calendar Year | | | | | | | | | |
|--|---------------------|--------------------|-------------------|-------------------|-------------------|---------------------|------------------|-----------------------|---------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 2,437,778 | \$ 2,592,219 | \$ 3,466,595 | \$ 3,988,237 | \$ 2,831,092 | \$ 2,934,455 | \$ 3,017,700 | \$ 2,510,573 | \$ 2,500,962 | \$ 2,348,811 |
| Licenses and permits | 100,646 | 98,821 | 114,744 | 113,115 | 116,898 | 104,718 | 127,796 | 103,346 | 143,867 | 121,714 |
| Intergovernmental | 111,932 | 189,898 | 60,756 | 34,292 | 724,614 | 1,165,182 | 1,137,270 | 715,875 | 904,678 | 634,625 |
| Fines and forfeitures | 413,598 | 455,202 | 644,759 | 364,885 | 347,537 | 375,063 | 452,485 | 520,036 | 391,328 | 261,547 |
| Charges for services | 299,482 | 276,650 | 413,885 | 396,058 | 394,319 | 399,480 | 428,856 | 388,715 | 315,027 | 291,718 |
| Investment earnings | 3,020 | 24,961 | 35,478 | 12,611 | 7,463 | 2,880 | 4,879 | 558 | 2,151 | 3,042 |
| Other revenues | 38,977 | 47,087 | 102,428 | 29,166 | 65,063 | 74,928 | 91,482 | 35,511 | 150,010 | 56,325 |
| Total revenues | 3,362,225 | 3,405,433 | 3,684,838 | 4,838,645 | 4,938,364 | 4,486,986 | 5,056,706 | 5,260,468 | 4,408,023 | 3,717,782 |
| Expenditures | | | | | | | | | | |
| General government | 1,170,643 | 1,446,508 | 1,661,240 | 1,061,479 | 1,103,838 | 1,502,460 | 1,622,132 | 1,257,352 | 1,461,306 | 1,293,127 |
| Public safety | 1,469,251 | 1,796,911 | 1,915,924 | 1,873,857 | 1,858,466 | 2,033,492 | 2,467,583 | 2,145,608 | 2,024,716 | 2,018,487 |
| Public works | 1,230,575 | 1,438,759 | 1,348,751 | 1,341,172 | 1,273,496 | 1,350,224 | 1,410,651 | 1,218,334 | 1,290,570 | 1,098,622 |
| Parks and recreation | 11,474 | 18,336 | 21,588 | 11,915 | 22,478 | 16,663 | 63,445 | 54,761 | 22,030 | 12,789 |
| Better hometown | 50,262 | 110,055 | 126,543 | 94,993 | 92,612 | 94,744 | 79,813 | 100,168 | 118,824 | 120,804 |
| Capital outlay | 21,975 | - | 463,749 | 1,040,388 | 51,179 | 436,558 | 878,815 | 347,337 | 241,761 | 683,619 |
| Debt service | | | | | | | | | | |
| Principal | 124,409 | 85,446 | 81,347 | 402,991 | 136,601 | 412,309 | 426,676 | 442,583 | 453,530 | 404,516 |
| Interest | 26,797 | 31,583 | 46,828 | 60,331 | 115,991 | 92,883 | 85,385 | 74,021 | 52,378 | 121,303 |
| Total expenditures | 4,941,371 | 4,105,386 | 4,927,598 | 5,665,970 | 5,887,126 | 4,654,661 | 5,939,333 | 7,034,500 | 5,665,115 | 5,753,267 |
| Excess (deficiency) of revenues over (under) expenditures | (1,579,146) | (699,953) | (1,242,760) | (827,325) | (948,762) | (167,675) | (882,627) | (1,774,032) | (1,257,092) | (2,035,485) |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in (out) | (191,586) | 1,355,961 | 992,757 | 1,141,955 | 541,738 | 875,249 | 738,811 | 657,489 | 559,867 | 447,468 |
| Bond and loan proceeds | 862,080 | 199,058 | - | 422,016 | 2,006,911 | 63,791 | 5,542 | 2,358,019 | - | - |
| Total other financing sources (uses) | 1,305,587 | 670,494 | 1,555,019 | 992,757 | 1,563,971 | 2,548,649 | 939,040 | 744,353 | 559,867 | 447,468 |
| Net change in fund balances | \$ (273,559) | \$ (29,459) | \$ 312,259 | \$ 165,432 | \$ 615,209 | \$ 2,380,974 | \$ 56,413 | \$ (1,029,679) | \$ (697,225) | \$ (1,588,017) |
| Ratio of debt service to noncapital expenditures | 3.85% | 2.43% | 2.53% | 10.57% | 5.81% | 10.11% | 9.07% | 10.82% | 10.29% | 11.57% |

CITY OF FORSYTH, GEORGIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN YEARS

| Calendar Year | General Government | Police | Fire Department | Municipal Court | Public Works | Better Hometown | Parks & Recreation | Total |
|------------------|-----------------------|-------------|--------------------|--------------------|-----------------|--------------------|-----------------------|-------------|
| 2005 | \$ 979,874 | \$1,075,522 | \$ 393,729 | \$ 57,886 | \$ 1,230,575 | \$ 50,262 | \$ 11,474 | \$3,799,322 |
| 2006 | 1,249,446 | 1,399,742 | 397,169 | 63,994 | 1,438,759 | 110,055 | 18,336 | 4,677,501 |
| 2007 | 1,176,129 | 1,475,054 | 440,870 | 97,699 | 1,348,751 | 126,543 | 21,588 | 4,686,634 |
| 2008 | 922,043 | 1,358,814 | 423,078 | 91,965 | 1,341,172 | 94,993 | 11,915 | 4,243,980 |
| 2009 | 678,047 | 1,230,211 | 448,008 | 92,517 | 1,273,496 | 92,612 | 22,478 | 3,837,369 |
| 2010 | 1,390,959 | 1,443,956 | 526,455 | 89,755 | 1,350,224 | 94,744 | 16,663 | 4,912,756 |
| 2011 | 1,511,255 | 1,683,293 | 714,204 | 85,444 | 1,410,651 | 79,813 | 63,445 | 5,548,105 |
| 2012 | 1,137,303 | 1,495,948 | 602,431 | 93,164 | 1,231,202 | 100,168 | 54,761 | 4,714,977 |
| 2013 | 1,338,921 | 1,290,276 | 643,157 | 95,738 | 1,290,570 | 118,824 | 22,030 | 4,799,516 |
| 2014 | 1,172,578 | 1,297,778 | 677,104 | 92,167 | 1,098,622 | 120,804 | 12,789 | 4,471,842 |

Notes:

(1) Source is current and prior years' fund financial statements.

CITY OF FORSYTH, GEORGIA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN YEARS

| Calendar Year | Inter-Government | Ad Valorem Taxes | Sales Taxes | Franchise Taxes | Licenses & Permits | Charges for Services | Fines & Forfeits | Beer & Liquor Taxes | Insurance Premium Tax | Misc. & Interest | Total |
|---------------|------------------|------------------|--------------|-----------------|--------------------|----------------------|------------------|---------------------|-----------------------|------------------|--------------|
| 2005 | \$ 111,932 | \$ 667,283 | \$ 1,529,388 | \$ 173,429 | \$ 100,646 | \$ 299,482 | \$ 413,598 | \$ 177,999 | \$ 205,042 | \$ 41,997 | \$ 3,720,796 |
| 2006 | 191,638 | 487,419 | 1,902,522 | 106,588 | 98,821 | 276,650 | 455,202 | 223,701 | 214,525 | 70,307 | 4,027,373 |
| 2007 | 63,312 | 505,204 | 2,049,597 | 144,520 | 114,744 | 367,573 | 644,759 | 222,471 | 223,773 | 134,806 | 4,470,759 |
| 2008 | 34,292 | 584,679 | 2,532,017 | 113,603 | 113,115 | 396,058 | 328,585 | 180,224 | 229,134 | 39,556 | 4,551,263 |
| 2009 | 25,600 | 529,429 | 2,151,560 | 105,804 | 116,898 | 394,319 | 347,537 | 201,851 | 226,984 | 48,804 | 4,148,786 |
| 2010 | 393,179 | 616,399 | 2,250,129 | 116,700 | 104,718 | 399,480 | 365,999 | 224,091 | 220,387 | 76,411 | 4,767,493 |
| 2011 | 336,489 | 644,337 | 2,370,080 | 119,443 | 127,796 | 428,856 | 411,603 | 217,159 | 177,673 | 92,587 | 4,926,023 |
| 2012 | 90,507 | 608,584 | 1,728,219 | 110,444 | 103,346 | 388,715 | 489,377 | 199,848 | 188,719 | 36,032 | 3,943,791 |
| 2013 | 36,024 | 659,713 | 1,900,211 | 116,050 | 143,867 | 315,027 | 373,151 | 192,281 | 195,400 | 151,239 | 4,082,963 |
| 2014 | 180,539 | 660,014 | 1,345,126 | 95,334 | 121,714 | 291,718 | 254,194 | 193,725 | 207,325 | 58,965 | 3,408,654 |

CITY OF FORSYTH, GEORGIA
SALES TAX COLLECTIONS AND RATES
LAST TEN YEARS

| Calendar Year | Sales Tax Received by Forsyth | | | Individual Sales Tax Rates | | | | |
|---------------|-------------------------------|--|---------------------------|----------------------------|-----------------------|--|-----------------------------|----------------------|
| | Local Option Sales Tax | Special Purpose Local Option Sales Tax | Total Collected Sales Tax | State Basic Rate | County Education Rate | Special Purpose Local Option Sales Tax | City Local Option Sales Tax | Total Sales Tax Rate |
| 2005 | \$ 985,913 | \$ 543,475 | \$ 1,529,388 | 4% | 1% | 1% | 1% | 7% |
| 2006 | 1,227,317 | 675,205 | 1,902,522 | 4% | 1% | 1% | 1% | 7% |
| 2007 | 1,322,174 | 727,423 | 2,049,597 | 4% | 1% | 1% | 1% | 7% |
| 2008 | 1,663,432 | 868,585 | 2,532,017 | 4% | 1% | 1% | 1% | 7% |
| 2009 | 1,452,546 | 699,014 | 2,151,560 | 4% | 1% | 1% | 1% | 7% |
| 2010 | 1,478,126 | 772,003 | 2,250,129 | 4% | 1% | 1% | 1% | 7% |
| 2011 | 1,581,895 | 788,185 | 2,370,080 | 4% | 1% | 1% | 1% | 7% |
| 2012 | 1,102,851 | 625,368 | 1,728,219 | 4% | 1% | 1% | 1% | 7% |
| 2013 | 1,031,557 | 868,654 | 1,900,211 | 4% | 1% | 1% | 1% | 7% |
| 2014 | 891,040 | 454,086 | 1,345,126 | 4% | 1% | 1% | 1% | 7% |

CITY OF FORSYTH, GEORGIA
 ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

| Calendar Year | Assessed Value of Taxable Property | Less Tax Exempt Real Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|------------------|--|-------------------------------------|---------------------------------|--------------------------|--------------------------------------|--|
| 2005 | \$ 111,722,709 | \$ 19,889,818 | \$ 91,832,891 | 7.015 | \$ 229,582,228 | 40% |
| 2006 | 114,369,837 | 19,793,523 | 94,576,314 | 6.515 | 236,440,785 | 40% |
| 2007 | 118,651,803 | 19,826,374 | 98,825,429 | 6.000 | 247,063,573 | 40% |
| 2008 | 116,969,795 | 9,791,246 | 107,178,549 | 5.750 | 267,946,373 | 40% |
| 2009 | 120,859,356 | 9,764,906 | 111,094,450 | 5.750 | 277,736,125 | 40% |
| 2010 | 121,371,593 | 9,897,306 | 111,474,287 | 5.750 | 278,685,718 | 40% |
| 2011 | 119,762,947 | 9,906,759 | 109,856,188 | 5.600 | 274,640,470 | 40% |
| 2012 | 121,919,065 | 9,992,386 | 111,926,679 | 5.600 | 279,816,698 | 40% |
| 2013 | 121,448,004 | 9,691,866 | 111,756,138 | 5.600 | 279,390,345 | 40% |
| 2014 | 118,275,837 | 9,728,506 | 108,547,331 | 3.500 | 271,368,328 | 40% |

Sources: Georgia's Consolidated Tax Digest

Note: The county assesses property at 40% of actual value. Actual taxable value is calculated by dividing assessed value by 40%. Tax rates are per \$1,000 of assessed value.

CITY OF FORSYTH, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

| Calendar Year Ended | Taxes Levied for the Calendar Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collection to Date | | Outstanding Delinquent Taxes | Outstanding Delinquent Taxes as Percentage of Current Levy |
|------------------------|--|---|-----------------------|---------------------------------------|--------------------------|-----------------------|------------------------------------|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy | | |
| 12/31/2005 | \$ 667,283 | \$ 593,574 | 88.95% | \$ 73,693 | \$ 667,267 | 100.00% | \$ 16 | 0.00% |
| 12/31/2006 | 487,419 | 368,450 | 75.59% | 118,969 | 487,419 | 100.00% | - | 0.00% |
| 12/31/2007 | 505,204 | 391,882 | 77.57% | 113,314 | 505,196 | 100.00% | 8 | 0.00% |
| 12/31/2008 | 584,679 | 324,981 | 55.58% | 259,167 | 584,148 | 99.91% | 531 | 0.09% |
| 12/31/2009 | 529,429 | 406,633 | 76.81% | 122,275 | 528,908 | 99.90% | 521 | 0.10% |
| 12/31/2010 | 616,399 | 482,924 | 78.35% | 123,081 | 606,005 | 98.31% | 10,394 | 1.69% |
| 12/31/2011 | 644,337 | 562,484 | 87.30% | 74,773 | 637,257 | 98.90% | 7,080 | 1.10% |
| 12/31/2012 | 625,241 | 532,308 | 85.14% | 82,431 | 614,739 | 98.32% | 10,502 | 1.68% |
| 12/31/2013 | 618,538 | 525,605 | 84.98% | 86,046 | 611,651 | 98.89% | 6,887 | 1.11% |
| 12/31/2014 | 359,111 | 302,078 | 84.12% | - | 302,078 | 84.12% | 57,033 | 15.88% |

Sources: Digest Reports of Forsyth, Property Tax Collection Reports,
Property Tax Delinquent Accounts Reports, Prior Forsyth Financial Reports

CITY OF FORSYTH, GEORGIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

| Tax Levy Period Calendar Year | Direct | Overlapping | | Total |
|----------------------------------|--------------------|---------------------|-------------------------|--------|
| | City Basic Rate | State and County | County School System | |
| 2005 | 6.515 | 11.450 | 13.500 | 31.465 |
| 2006 | 6.000 | 11.450 | 13.500 | 30.950 |
| 2007 | 5.750 | 11.450 | 13.900 | 31.100 |
| 2008 | 5.750 | 9.681 | 13.100 | 28.531 |
| 2009 | 5.750 | 9.681 | 13.700 | 29.131 |
| 2010 | 5.600 | 9.681 | 13.950 | 29.231 |
| 2011 | 5.600 | 9.681 | 14.987 | 30.268 |
| 2012 | 5.600 | 9.531 | 15.342 | 30.473 |
| 2013 | 5.600 | 9.981 | 15.342 | 30.923 |
| 2014 | 3.500 | 9.931 | 15.342 | 28.773 |

Source: Georgia Department of Revenue

Note: The above presents tax rates per \$1,000 of assessed valuation.

Note: The city's total direct rate only consists of a basic rate.

CITY OF FORSYTH, GEORGIA
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2014

| Taxpayer | Type of Business | Assessed Valuation | Percentage of Total Assessed Valuation |
|--|------------------|-----------------------|---|
| Eric S Zorn Trustee (Wal-Mart) | Retail | \$ 4,299,500 | 3.64% |
| Wal-Mart Stores East Inc | Retail | 3,026,064 | 2.56% |
| Central Georgia Medical Properties LLC | Medical | 2,555,956 | 2.16% |
| Ingram Timber Enterprises LP | Timber | 1,446,304 | 1.22% |
| Treadwell Family Partnership | Real Estate | 1,230,816 | 1.04% |
| Atlantic Gas Light Co | Utilities | 1,087,697 | 0.92% |
| Ingles Markets Incorp | Grocery Store | 1,017,056 | 0.86% |
| Monroe Hospitality Services | Hotel | 891,760 | 0.75% |
| Encore Plastics Southeast | Manufacturer | 890,556 | 0.75% |
| Sai Ram Hotel | Hotel | 890,004 | 0.75% |
| | | <u>\$ 17,335,713</u> | <u>14.66%</u> |

Source: Monroe County Tax Digest

CITY OF FORSYTH, GEORGIA
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2005

| Taxpayer | Type of Business | Assessed Valuation | Percentage of Total Assessed Valuation |
|------------------------------|------------------|-----------------------|---|
| Perdue Farms Inc | Poultry | \$ 1,636,813 | 1.47% |
| Trane Company | AC Manufacturer | 1,454,829 | 1.30% |
| Forsyth Inns Inc | Hotel | 1,426,332 | 1.28% |
| Ingram Timber Enterprises | Timber | 1,357,943 | 1.22% |
| Newton Trio MFG Co | Manufacturing | 1,280,233 | 1.15% |
| Ingles Markets | Grocery Store | 1,188,122 | 1.06% |
| Bellsouth Telecom | Telephone | 1,180,607 | 1.06% |
| Treadwell Family Partnership | Real Estate | 1,130,573 | 1.01% |
| Jack Treadwell | Real Estate | 1,073,501 | 0.96% |
| Wal-Mart Stores East Inc | Retail | 900,162 | 0.81% |
| Brandenburg-Forsyth LTD | Real Estate | 838,918 | 0.75% |
| | | <u>\$ 13,468,033</u> | <u>12.05%</u> |

Source: Monroe County Tax Digest

CITY OF FORSYTH, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

| Calendar Year | General Obligation Bonds | Governmental Activities | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita |
|---------------|--------------------------|-------------------------|---------------|----------------|--------------------------|---------------|----------------|--------------------------|-----------------------------------|------------|
| | | Notes Payable | Revenue Bonds | Capital Leases | Notes Payable | Revenue Bonds | Capital Leases | | | |
| 2005 | \$ - | \$ 906,536 | \$ - | \$ - | \$ - | \$ 3,930,000 | \$ 3,689,598 | \$ 8,526,134 | 9.42% | \$ 2,254 |
| 2006 | - | 857,713 | - | 162,435 | 91,354 | 2,645,000 | 3,298,353 | 7,054,855 | 7.54% | 1,864 |
| 2007 | - | 840,319 | - | 98,482 | 71,377 | 1,325,000 | 2,888,915 | 5,224,093 | 5.40% | 1,380 |
| 2008 | - | 831,001 | - | 126,825 | - | - | 2,510,935 | 3,468,761 | 3.32% | 916 |
| 2009 | - | 821,225 | 2,030,000 | - | - | - | 2,040,709 | 4,891,934 | 4.91% | 1,292 |
| 2010 | - | 811,025 | 1,635,000 | 51,141 | - | - | 1,666,893 | 4,164,059 | 4.04% | 1,099 |
| 2011 | - | 800,382 | 1,230,000 | 40,108 | - | - | 1,145,073 | 3,215,563 | 2.13% | 840 |
| 2012 | - | 789,279 | 2,970,000 | 28,627 | - | - | 564,593 | 4,352,499 | 2.88% | 1,136 |
| 2013 | - | 777,694 | 2,540,000 | 16,683 | - | - | 38,520 | 3,372,897 | 2.38% | 880 |
| 2014 | - | 765,607 | 2,160,000 | 4,254 | - | - | 12,167 | 2,942,028 | 2.08% | 746 |

Source: current and prior years' financial statements.

(1) See the schedule of Demographic and Economic Statistics for per capita personal income and population data.

CITY OF FORSYTH, GEORGIA
 DIRECT AND OVERLAPPING GOVERNMENTAL
 ACTIVITIES DEBT
 AS OF DECEMBER 31, 2014

| | <u>Total Amount of Debt Outstanding</u> | <u>Percentage Applicable to City of Forsyth</u> | <u>Amount Applicable to City of Forsyth</u> |
|--|---|---|---|
| Direct Debt | | | |
| Notes payable | \$ 765,607 | | |
| Revenue bonds | 2,160,000 | | |
| Capital leases | <u>16,421</u> | | |
| Total Direct Debt | <u>2,942,028</u> | | |
| Overlapping Debt | | | |
| | <u>-</u> | | <u>\$ -</u> |
| Total Direct and Overlapping Debt | <u>\$ 2,942,028</u> | | <u>\$ -</u> |

Source: City of Forsyth

Note: No overlapping debt as December 31, 2014.

CITY OF FORSYTH, GEORGIA
 COMPUTATION OF LEGAL DEBT MARGIN
 DECEMBER 31, 2014

| | | |
|--|------------------|-----------------------|
| Assessed value of all taxable property | \$ 108,547,331 | |
| Plus exempt property | <u>9,728,506</u> | <u>\$ 118,275,837</u> |
| Debt limit - 10% of assessed value | | \$ 11,827,584 |
| Debt applicable to limitation: | | |
| Total general obligation debt | \$ (765,607) | |
| Less assets in debt service available for payment of principal | <u>54,302</u> | |
| Total amount of debt applicable to debt limit | | <u>(711,305)</u> |
| Legal debt margin | | <u>\$ 11,116,279</u> |

Source: City of Forsyth, Georgia tax records.

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation debt.

CITY OF FORSYTH, GEORGIA
LONG TERM DEBT BURDEN
WATER AND SEWER FUND
LAST TEN YEARS

| Calendar Year | Gross Revenue (1) | Direct Operating Expenses (2) | Available for Debt Service | Debt Service Requirements | | | Total Debt Burden | Per Capita |
|---------------|-------------------|-------------------------------|----------------------------|---------------------------|------------|--------------|-------------------|------------|
| | | | | Principal | Interest | Total | | |
| 2005 | \$ 8,207,203 | \$ 6,160,402 | \$ 2,046,801 | \$ 1,613,861 | \$ 333,522 | \$ 1,947,383 | \$ - | \$ - |
| 2006 | 8,204,551 | 7,240,585 | 963,966 | 1,688,891 | 116,680 | 1,805,571 | 841,605 | 222 |
| 2007 | 9,445,660 | 8,030,579 | 1,415,081 | 1,749,415 | 72,887 | 1,822,302 | 407,221 | 108 |
| 2008 | 8,987,291 | 7,447,006 | 1,540,285 | 1,845,734 | 97,406 | 1,943,140 | 402,855 | 106 |
| 2009 | 9,130,164 | 8,097,321 | 1,032,843 | 470,226 | 118,176 | 588,402 | - | - |
| 2010 | 10,671,277 | 9,050,729 | 1,620,548 | 505,174 | 93,560 | 598,734 | - | - |
| 2011 | 10,906,016 | 9,860,147 | 1,045,869 | 521,820 | 71,740 | 593,560 | - | - |
| 2012 | 10,971,111 | 10,336,256 | 634,855 | 540,529 | 51,955 | 592,484 | - | - |
| 2013 | 11,603,199 | 10,833,079 | 770,120 | 27,832 | 939 | 28,771 | - | - |
| 2014 | 12,546,628 | 12,264,230 | 282,398 | 12,167 | 119 | 12,286 | - | - |

(1) Total revenues exclusive of SPLOST, grants and interest.

(2) Total operating expenses exclusive of depreciation.

Source: current and prior years' financial statements.

CITY OF FORSYTH, GEORGIA
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 DECEMBER 31, 2014

| | |
|---------------------------|--------------------|
| Date of incorporation | December 10, 1823 |
| Form of government | Mayor-City Council |
| Area | 4.98 square miles |
| Miles of streets | 46 miles |
| Miles of sanitary sewers | 40 |
| Number of street lights | 785 |
| Number of fire stations | 1 |
| Number of police stations | 1 |
| Number of parks | 5 |

| <u>Fiscal Year</u> | <u>Population (Est) (2)</u> | <u>Personal Income (1)</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate (County)</u> |
|--------------------|-----------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| 2005 | 3,783 | \$ 90,512,058 | \$ 23,926 | 4.9% |
| 2006 | 3,784 | 93,616,160 | 24,740 | 4.5% |
| 2007 | 3,785 | 96,733,245 | 25,557 | 4.2% |
| 2008 | 3,786 | 104,414,094 | 27,579 | 5.7% |
| 2009 | 3,787 | 99,617,035 | 26,305 | 9.0% |
| 2010 | 3,788 | 103,132,088 | 27,226 | 9.2% |
| 2011 | 3,826 | 150,732,922 | 39,397 | 8.8% |
| 2012 | 3,830 | 150,890,510 | 39,397 | 8.2% |
| 2013 | 3,834 | 141,394,086 | 36,879 | 7.9% |
| 2014 | 3,943 | 141,447,239 | 35,873 | 5.7% |

Source: Records in City Hall files, Georgia Department of Labor, and Bureau of Labor Statistics // www.bea.gov, City of Forsyth Records

- (1) Personal income is derived at by multiplying population by per capita personal income.
- (2) All population data, besides 2010, are estimates based on the U.S. Census results.

CITY OF FORSYTH, GEORGIA
PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

| Employer | 2014 | | | 2005 | | |
|--------------------------------------|-----------|------|----------------------------|-----------|------|----------------------------|
| | Employees | Rank | % of Total City Population | Employees | Rank | % of Total City Population |
| Monroe County Board of Education | 612 | 1 | 15.52% | 560 | 1 | 14.80% |
| GA Department of Corrections | 434 | 2 | 11.01% | | | |
| Monroe County Board of Commissioners | 245 | 3 | 6.21% | 350 | 2 | 9.25% |
| Al Burrus Correctional Institute | 229 | 4 | 5.81% | | | |
| GA Public Safety Training Center | 149 | 5 | 3.78% | 179 | 3 | 4.73% |
| Wal-Mart | 91 | 6 | 2.31% | 75 | 8 | 1.98% |
| Monroe County Hospital | 91 | 6 | 2.31% | 140 | 4 | 3.70% |
| City of Forsyth | 65 | 8 | 1.65% | 80 | 7 | 2.11% |
| Encore Plastics | 48 | 9 | 1.22% | | | |
| Perdue Chicken | 39 | 10 | 0.99% | 60 | 9 | 1.59% |
| Ingles | | | | 120 | 5 | 3.17% |
| Southern Textiles | | | | 105 | 6 | 2.78% |
| Forsyth Inns | | | | 55 | 10 | 1.45% |

Source: City of Forsyth, Occupation Licenses Reports, Bureau of Economic Analysis

Note: 2005 employment data not readily available. Estimates provided by city and businesses.

CITY OF FORSYTH, GEORGIA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN YEARS

| Function | Full-time Equivalent Employees as of Year End | | | | | | | | | |
|-----------------|---|------|------|------|------|------|------|------|------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Administrative | 17 | 13 | 12 | 10 | 11 | 11 | 11 | 12 | 12 | 8 |
| Fire | 11 | 12 | 12 | 13 | 13 | 13 | 17 | 16 | 16 | 10 |
| Police | 28 | 34 | 34 | 32 | 32 | 35 | 32 | 29 | 22 | 23 |
| Municipal Court | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | 28 | 28 | 31 | 26 | 22 | 22 | 25 | 18 | 14 | 9 |
| Better Hometown | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Electric | 10 | 9 | 12 | 9 | 9 | 13 | 11 | 11 | 11 | 11 |
| Cable | 2 | 2 | 2 | - | - | - | - | - | - | - |

Source: City personnel records.

CITY OF FORSYTH, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

| Function | Calendar Year | | | | | | | | | |
|---|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Administrative | | | | | | | | | | |
| Business licenses issued | 472 | 463 | 539 | 537 | 442 | 476 | 512 | 501 | 444 | 471 |
| Permits issued | 133 | 130 | 152 | 193 | 263 | 155 | 212 | 207 | 243 | 341 |
| Police | | | | | | | | | | |
| Citations | 2,608 | 3,422 | 3,275 | 3,980 | 2,084 | 2,928 | 2,879 | 2,544 | 2,816 | 1,703 |
| Public Works | | | | | | | | | | |
| Garbage customers | 1,627 | 1,501 | 1,494 | 2,281 | 1,470 | 1,437 | 1,427 | 1,481 | 1,574 | 1,491 |
| Culture and Recreation | | | | | | | | | | |
| Annual city-sponsored events | - | - | 6 | 6 | 11 | 11 | 5 | 10 | 12 | 11 |
| Annual non-city sponsored events | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Electric | | | | | | | | | | |
| Annual Kilowatt Hours Sold (millions) | 60.1 | 58.0 | 67.9 | 65.8 | 67.1 | 77.2 | 79.4 | 80.8 | 85.9 | 115.4 |
| Water | | | | | | | | | | |
| Average daily consumption in gallons (millions) | 1.2 | 1.3 | 1.6 | 1.7 | 1.1 | 2.0 | 2.0 | 1.5 | 1.3 | 1.3 |
| Cable | | | | | | | | | | |
| Cable customers | 1,815 | 1,761 | 1,753 | 1,708 | 1,731 | 1,437 | 1,432 | 1,653 | 1,609 | - |

Source: City permit and license records, city police records, utility records

CITY OF FORSYTH, GEORGIA
 CAPITAL ASSETS STATISTICS BY FUNCTION
 LAST TEN YEARS

| Function | Calendar Year | | | | | | | | | |
|-------------------------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Administrative | | | | | | | | | | |
| Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police | | | | | | | | | | |
| Patrol units | 7 | 7 | 9 | 9 | 8 | 9 | 10 | 8 | 8 | 14 |
| Fire | | | | | | | | | | |
| Fire trucks | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 7 |
| Public Works | | | | | | | | | | |
| Vehicles | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 8 | 8 |
| Street (miles) | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 50 |
| Streetlights | 726 | 726 | 760 | 760 | 785 | 785 | 785 | 785 | 785 | 785 |
| Garage | | | | | | | | | | |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Culture and Recreation | | | | | | | | | | |
| Acreage | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Park sites | 3 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Electric | | | | | | | | | | |
| Electric lines (miles) | 51.65 | 51.65 | 52.50 | 54.97 | 54.97 | 57.97 | 57.97 | 58.00 | 58.00 | 58.00 |
| Vehicles | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 |
| Water | | | | | | | | | | |
| Water mains (miles) | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 40 | 40 | 40 |
| Cable | | | | | | | | | | |
| Cable lines (miles) | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | - |

Source: City capital asset records

GOVERNMENT REPORTS

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

To the Mayor and City Council
City of Forsyth, 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 Forsyth, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Forsyth, Georgia's basic financial statements and have issued our report thereon dated June 19, 2015.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Forsyth, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2014-01 and 2014-02.

City of Forsyth, Georgia's Response to Findings

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



Forsyth, Georgia
June 19, 2015

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

2014-01 State Law Compliance: Commingling of SPLOST Funds

CRITERIA

Under §48-8-121 of the Georgia Annotated Code, special purpose local option sales tax proceeds should be kept separate from other funds not derived from special purpose local option sales tax.

CONDITION

During 2014, the City transferred \$16,868 from other funds into their SPLOST fund to fund a capital project.

EFFECT

Other fund revenues were commingled with SPLOST revenues.

CAUSE

The compliance issue was a misunderstanding of proper use of the SPLOST fund.

RECOMMENDATION

The City should develop procedures to ensure that non-SPLOST revenues are not transferred to the SPLOST fund.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding and will develop procedures to ensure proper handling of the SPLOST fund in the future.

CITY OF FORSYTH, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

2014-02 State Compliance – Budgets

CRITERIA

The Official Code of Georgia §36-81-3 requires that municipalities adopt balanced budgets for all special revenue funds.

CONDITION

The City failed to adopt budgets for their Special Police Revenue Fund and Hotel/Motel Tax Fund in 2014.

EFFECT

The City was not in compliance with the Official Code of Georgia §36-81-3.

CAUSE

The City did not have proper procedures in place to ensure the adoption of budgets for their special revenue funds.

RECOMMENDATION

The City should establish policies to ensure that budgets are adopted for their special revenue funds.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and has already adopted a retroactive budget for 2014 for both funds. The City will also establish procedures to ensure timely adoptions of special revenue fund budgets in the future.

CITY OF FORSYTH, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

2013-01 Control Environment – Inventory

Criteria: The City’s inventory software should be updated and tested on a regular basis to ensure accurate tracking of inventory. Any inconsistencies should be investigated immediately and resolved.

Condition: The City did not properly update their inventory software to ensure accurate records of inventory.

Auditee response/status: Resolved.

2013-02 Control Environment – Expenditure Documentation

Criteria: The City’s procedures for maintaining proper documentation for expenditures should generate complete and accurate documentation for all expenditures.

Condition: During the year, the City’s credit card file, which contained the credit card statements and related documentation, went missing and is still not located.

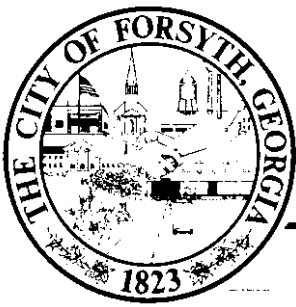
Auditee response/status: Resolved.

2013-03 State Compliance – Budgets

Criteria: The Official Code of Georgia §36-81-3 requires that municipalities adopt balanced budgets for all special revenue funds.

Condition: The City failed to adopt budgets for their Special Police Revenue Fund and Hotel/Motel Tax Fund in 2013.

Auditee response/status: Unresolved. See finding 2014-02.



CITY OF FORSYTH

2014-01 State Law Compliance: Commingling of SPLOST Funds

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

CRITERIA

Under §48-8-121 of the Georgia Annotated Code, special purpose local option sales tax proceeds should be kept separate from other funds not derived from special purpose local option sales tax.

CONDITION

During 2014, the City transferred \$16,868 from other funds into their SPLOST fund to fund a capital project.

EFFECT

Other fund revenues were commingled with SPLOST revenues.

CAUSE

The compliance issue was a misunderstanding of proper use of the SPLOST fund.

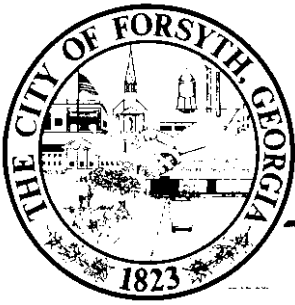
RECOMMENDATION

The City should develop procedures to ensure that non-SPLOST revenues are not transferred to the SPLOST fund.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding and will develop procedures to ensure proper handling of the SPLOST fund in the future.

Janice L Hall 6/19/15



CITY OF FORSYTH

2014-02 State Compliance – Budgets

P. O. BOX 1447
FORSYTH, GEORGIA 31029
(478) 994-5649

CRITERIA

The Official Code of Georgia §36-81-3 requires that municipalities adopt balanced budgets for all special revenue funds.

CONDITION

The City failed to adopt budgets for their Special Police Revenue Fund and Hotel/Motel Tax Fund in 2014.

EFFECT

The City was not in compliance with the Official Code of Georgia §36-81-3.

CAUSE

The City did not have proper procedures in place to ensure the adoption of budgets for their special revenue funds.

RECOMMENDATION

The City should establish policies to ensure that budgets are adopted for their special revenue funds.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding and has already adopted a retroactive budget for 2014 for both funds. The City will also establish procedures to ensure timely adoptions of special revenue fund budgets in the future.

Danice L Hall

6/19/15