

City of Perry, Georgia



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

**CITY OF
PERRY, GEORGIA**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

PREPARED BY:

Director of Administration

CITY OF PERRY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

City of Perry

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December 22, 2014

The Honorable Mayor, Members of the Governing Council and Citizens
of the City of Perry

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report of the City of Perry for the fiscal year ended June 30, 2014. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins Certified Public Accountants, LLC, have issued an unmodified (“clean”) opinion on the City of Perry’s financial statements for the fiscal year ended June 30, 2014. The independent auditor’s report is located in the front of the financial section of this report. In addition to the audit of the financial records, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit organizations. For the fiscal year ended June 30, 2014, the City did not expend more than \$500,000 in federal funds; therefore, a single audit was not completed.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City’s MD&A can be found immediately following the Independent Auditor’s Report.

Profile of the Government

Originally called “Wattsville”, Perry is now known as the “Crossroads of Georgia” because the convergence of US 341, US 41, GA 127 and Interstate 75 provides excellent access to regional and national transportation networks. This prime location has encouraged tourism and growth throughout Perry’s history. The City of Perry was incorporated in 1824 and reincorporated by the General Assembly of Georgia (1983 Georgia Laws, Act No. 144) by enactment of a charter

effective July 1, 1983. The City currently occupies a land area of 27.77 square miles. Perry, the county seat for Houston County, serves a population of 15,094, as estimated by management, and offers a variety of municipal services including police and fire protection, maintenance of streets, parks and recreational activities, judicial services, community development, general administration, water, sewer and natural gas utility services and solid waste services. The City of Perry is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Perry operates under the council-manager form of government. This organizational plan places legislative responsibility for municipal government with the City Council and gives administrative authority to the City Manager. The Council, which consists of the mayor and six council members, levies taxes, enacts ordinances, adopts the annual budget and performs other legislative functions. The Mayor and Council are elected on a staggered non-partisan basis for a term of four years. The mayor is elected citywide. For the purpose of electing council members, the City of Perry is divided into three districts, which consists of two posts each. The members representing each council district shall be elected only by the voters residing in that district and not at large. Upon the recommendation of the mayor, the city council appoints a city manager to manage the government through the development, implementation, and execution of programs and policies established by the Council.

The financial reporting entity of the City of Perry includes all the funds for which the City's elected officials are financially accountable, including its component units. Component units presented are the Perry Area Convention and Visitors Bureau Authority, which promotes tourism for the area, the Downtown Development Authority which supports economic revitalization of the downtown district, and the Perry Industrial Building Authority, which promotes new industry, or expansion of existing industry in the city.

Upon the recommendation of the City Manager and no later than the close of the fiscal year, the City Council adopts the budget for the upcoming fiscal year. The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The budget is prepared by fund, function and department and is closely monitored throughout the year. As conditions change or circumstances are altered, the budget process allows for amendments.

Local Economy

The City's economic future is strongly tied to area economic development including that outside its city limits. Employment of local citizens is balanced between area and local employers, which include the Department of Defense (Robins Air Force Base), Frito Lay, Inc., Houston County, Houston County School System, Houston Hospitals, Perdue Farms Inc., Graphic Packaging, Utility Service Company and Wal-Mart Southeast Division.

Tourism continues to be a major economic factor for the City of Perry. The Georgia National Fairgrounds and Agricenter attracted 854,045 visitors from December 2013 to November 2014 for the GA National Fair and 189 other events. The 25th Annual Georgia National Fair attendance (456,023) was an increase of 1.4% over 2013.

The website Movoto Real Estate has listed Perry fifth of "best places to live" in Georgia out of all cities with population over 10,000. The criteria used included total amenities, quality of life (cost

of living, median home price, median rent, median household income and student to teacher ratio), total crimes, tax rates (sales and income tax) unemployment, commute time and weather (temperature and air quality).

The City of Perry issued 342 building permits with an estimated construction cost of \$30,315,534.

Long-term Financial Planning

The City met or took into consideration the following fiscal challenges in developing the 2015 budget:

- Include a one percent cost of living adjustment and a one percent merit adjustment for all employees.
- No increase in millage rate.
- Establishment of Fire Protection Service fee to fund operations of Fire Department.
- Hiring twenty-one new firefighters, Director of Public Works, Storm Water Inspector and Director of Leisure Services.
- Replacement of 37 workstations running Microsoft XP operating system.
- Implementation of Strategic Plan, particular related to financial operations.

Major Initiatives

Led by the Mayor and Council's directions, several tasks were undertaken this fiscal year 2014, which included:

- Annexed 36.089 acres into the City
- Made application to Georgia Department of Community Affairs and was accepted as one of the five Georgia Initiative of Community Housing Program participants for 2014.
- Entered into contract with Georgia Department of Transportation for mowing, cleaning of right-of-way and litter control for certain state routes in the City of Perry.
- Approved \$4 million improvements to Wastewater Pollution Control Plant.

Acknowledgements

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and Mauldin & Jenkins Certified Public Accountants, LLC. We express appreciation to all staff members who contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



R. Lee Gilmour
City Manager



Brenda L. King
Director of Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

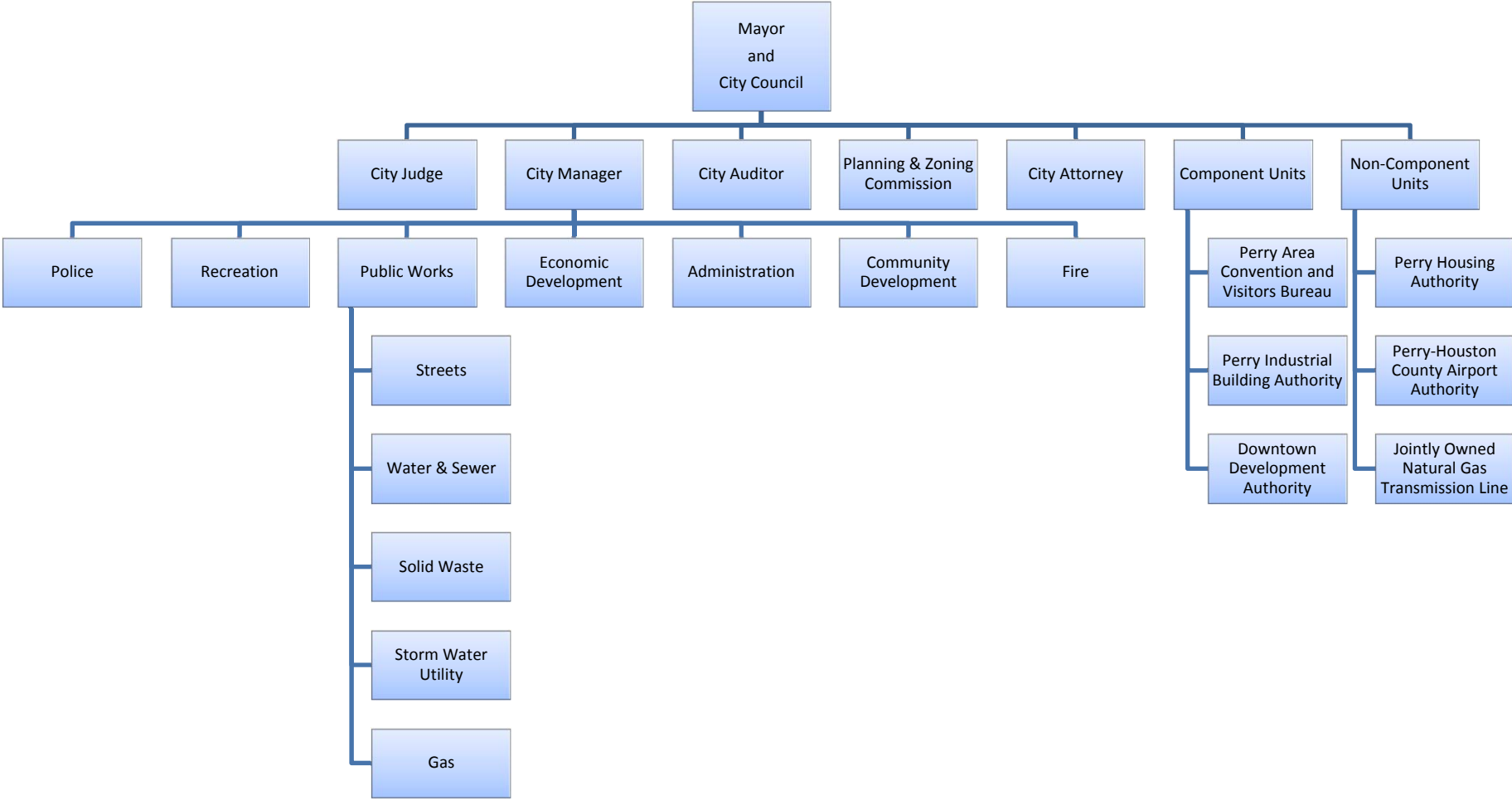
**City of Perry
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF PERRY, GEORGIA ORGANIZATION CHART



CITY OF PERRY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014

Mayor	James E. Faircloth, Jr.
Mayor Pro-Tempore	Randall Walker
Council Members	
District 1	
Post 1	Phyllis A. Bynum-Grace
Post 2	Willie J. King
District 2	
Post 1	Joseph A. Posey
Post 2	William R. Jackson
District 3	
Post 1	Randall Walker
Post 2	Riley Hunt
City Manager	R. Lee Gilmour
City Attorney	David G. Walker
Director of Administration	Brenda L. King
Director of Community Development	Michael D. Beecham
Director of Parks and Recreation	Vacant
Economic Development Director	Mary Beth Bass
Fire Chief	Joel W. Gray
Police Chief	Stephen D. Lynn

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of City Council
The City of Perry, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Perry, Georgia** (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Perry, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Perry, Georgia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons 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 (on pages 10 through 20) and the Schedule of Funding Progress (on page 65) 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 Perry, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Perry, Georgia. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and schedules of expenditures of special purpose local option sales tax proceeds (collectively “the supplementary information”) 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 supplementary information is 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 December 22, 2014, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Perry, Georgia’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 22, 2014

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis of the City of Perry Georgia's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2014. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should review the information presented in conjunction with information provided in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2014 by \$83,600,283 (net position). Of this amount, \$7,386,495 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- During the year ended June 30, 2014, the City's net position increased by \$1,897,076.
- As of June 30, 2014, the City's governmental funds reported combined fund balances of \$4,701,727, an increase of \$509,235 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,499,916, or twenty percent (20%) of total general fund expenditures.
- During fiscal year 2014, the City's capital assets increased by approximately \$1,723,007 while the net decrease in long-term debt was \$82,226.

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 basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., deferred taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that intend to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation and housing and development. The business-type activities of the City include water and sewerage, storm water utility, natural gas distribution, solid waste operation and a revolving loan fund.

The *government-wide financial statements* include not only the City of Perry itself (known as the primary government), but also entities for which the City is financially accountable. These component units are the Perry Area Convention and Visitors Bureau, the Downtown Development Authority and the Perry Industrial Building Authority. Their financial information is reported separately from that of the primary government.

The government-wide financial statements can be found on pages 21 through 23 of this report.

Fund Financial 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, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in the fund balances for the General Fund and the SPLOST Construction 2012 Fund. Data from the other nine governmental funds is presented in a total column termed as "other governmental funds." Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopted an annual appropriated budget for all of its funds except the fiduciary funds, which are not budgeted, and the capital project funds, of which project length budgets are adopted. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental funds financial statements can be found on pages 24 through 28 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water and sewerage, natural gas distribution, storm water utility, solid waste operation and a revolving loan fund.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewerage, natural gas distribution operations, storm water utility and solid waste operation which are considered to be major funds of the City. The revolving loan fund is a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 29 through 32 of this report.

Fiduciary Funds

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 method used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 34 through 64 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system funding progress and budget presentations. Budgetary comparison schedules for the General Fund are presented which demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on page 65 of this report.

The combining statements and individual fund schedules referred to earlier are presented immediately following the required supplementary information.

Combining statements and individual fund schedules can be found on pages 66 through 72 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) exceeded liabilities by \$83,600,283 at June 30, 2014. The following table provides a summary of the City's net position for fiscal years 2013 and 2014.

City of Perry - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$ 6,000,455	\$ 5,040,587	\$ 9,470,173	\$ 9,809,457	\$ 15,470,628	\$ 14,850,044
Capital Assets	47,124,100	47,152,249	42,318,745	40,567,589	89,442,845	87,719,838
	53,124,555	52,192,836	51,788,918	50,377,046	104,913,473	102,569,882
Deferred Outflows of Resources						
Deferred charge on refunding	-	-	330,152	255,936	330,152	255,936
Liabilities						
Current and Other Liabilities	1,360,375	948,315	890,769	390,563	2,251,144	1,338,878
Long-Term Liabilities	2,307,878	1,728,243	17,084,320	17,813,775	19,392,198	19,542,018
	3,668,253	2,676,558	17,975,089	18,204,338	21,643,342	20,880,896
Net Position						
Net Investment in Capital Assets	45,321,336	46,096,524	25,323,141	22,842,720	70,644,477	68,939,244
Debt Service	-	-	1,691,609	1,639,744	1,691,609	1,639,744
Restricted	432,514	902,235	3,445,188	4,241,735	3,877,702	5,143,970
Unrestricted	3,702,452	2,517,519	3,684,043	3,704,445	7,386,495	6,221,964
	\$ 49,456,302	\$ 49,516,278	\$ 34,143,981	\$ 32,428,644	\$ 83,600,283	\$ 81,944,922

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment) less any outstanding debt used to acquire those assets comprise 84% of the City's total net position. Net investment in capital assets for governmental activities decreased by \$775,188 in fiscal year 2014. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are expected to be provided from other sources, since there are no plans to liquidate these assets.

Approximately 6.7 percent of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Unlike the prior year, the City did not report positive fund balances in all categories of net position. Governmental activities net position decreased by \$186,211 in fiscal year 2014. The net position of the business-type activities increased \$2,083,287. However, the City's total net position increased by \$1,897,076 during the current fiscal year. The reason for such increase is discussed in greater detail as part of the governmental activities.

The following table summarizes changes in net position for the governmental and business-type activities:

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Perry - Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 3,809,303	\$ 4,061,519	\$ 10,923,578	\$ 10,113,866	\$ 14,732,881	\$ 14,175,385
Operating Grants and Contributions	27,094	250,710	-	-	27,094	250,710
Capital Grants and Contributions	1,475,645	3,587,628	1,152,368	1,000,465	2,628,013	4,588,093
General Revenues						
Property Taxes	6,261,530	6,022,167	-	-	6,261,530	6,022,167
Hotel/Motel Taxes	777,462	723,017	-	-	777,462	723,017
Franchise Taxes	1,035,669	974,874	-	-	1,035,669	974,874
Alcoholic Beverage Taxes	259,529	261,496	-	-	259,529	261,496
Insurance Premium Taxes	713,871	689,460	-	-	713,871	689,460
Occupational Taxes	179,117	186,884	-	-	179,117	186,884
Unrestricted Investment Earnings	5,881	5,148	30,297	16,213	36,178	21,361
	14,545,101	16,762,903	12,106,243	11,130,544	26,651,344	27,893,447
Expenses						
General Government	5,361,965	5,268,547	-	-	5,361,965	5,268,547
Public Safety	5,344,131	5,117,980	-	-	5,344,131	5,117,980
Public Works	3,420,399	4,059,039	-	-	3,420,399	4,059,039
Recreation	673,069	591,901	-	-	673,069	591,901
Housing and Development	164,912	92,998	-	-	164,912	92,998
Interest on Long-Term Debt	25,337	18,431	-	-	25,337	18,431
Water and Sewerage System	-	-	5,185,739	5,776,214	5,185,739	5,776,214
Storm Water Utility	-	-	110,590	29,818	110,590	29,818
Gas System	-	-	3,368,442	2,993,365	3,368,442	2,993,365
Solid Waste	-	-	1,096,567	1,151,240	1,096,567	1,151,240
Revolving Loan Fund	-	-	3,117	2,631	3,117	2,631
	14,989,813	15,148,896	9,764,455	9,953,268	24,754,268	25,102,164
Increase in Net Position, before transfers	(444,712)	1,614,007	2,341,788	1,177,276	1,897,076	2,791,283
Transfers	258,501	194,917	(258,501)	(194,917)	-	-
	258,501	194,917	(258,501)	(194,917)	-	-
Change in Net Position	(186,211)	1,808,924	2,083,287	982,359	1,897,076	2,791,283
Net Position - Beginning of year as restated	49,642,513	47,707,354	32,060,694	31,446,285	81,703,207	79,153,639
Net Position - End of year	\$ 49,456,302	\$ 49,516,278	\$ 34,143,981	\$ 32,428,644	\$ 83,600,283	\$ 81,944,922

Governmental Activities

Governmental activities decreased the City's net position by \$186,211. As we compared overall revenues for 2013 and 2014, there was a decrease. However, there were noticeable decreases in program revenues (i.e., charges for services and grants and contributions).

Business-Type Activities

The business-type activities increased the City's net position by \$2,083,287. In 2014, there was an increase in charges for services. However, all proprietary funds ended the year with positive net positions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the City's Major Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2014, the City's governmental funds reported combined fund balances of \$4,701,727, an increase of \$509,235 over the prior year restated fund balances. The cutting of costs and receipt of capital lease proceeds in the current year attributed to the overall increase in the City's governmental fund's fund balance. Approximately 53.2 percent of the combined fund balances, (\$2,499,916) is classified as unassigned. The remaining amounts are classified as nonspendable (\$5,626), restricted (\$433,789) and assigned (\$1,762,396).

The general fund is the chief operating fund of the City. At June 30, 2014, the unassigned fund balance of the general fund was \$2,499,916, while total fund balance was \$4,064,629. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20 percent of total fund expenditures, while total fund balance represents 32.5 percent of the same amount.

During the current fiscal year, the fund balance of the general fund increased by \$896,392. Key factors in this growth are as follows:

Revenue	Amount
Property Tax	\$ 211,803
Franchise Tax	\$ 60,795
Gross Insurance Premium Tax	\$ 24,411
Fines & Forfeitures	\$ 116,394
Administrative	\$ 191,222

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of proprietary funds ended on a positive note in the amount of \$3,684,043. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During fiscal year 2014, the primary differences between the original and the final amended budget can be summarized as follows:

- * Adjustment for additional revenue for property tax, franchise tax, occupational tax, licenses and permits, charges for services, gross insurance premium tax, intergovernmental, contributions, administrative and miscellaneous revenue
- * Adjustments for additional health and dental insurance claims
- * Adjustment for capital lease proceeds
- * Adjustments for capital projects (i.e., Walker Farms street resurfacing, Carroll Street ADA Ramps, Public Works Building Renovations)

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2014 total \$89,442,845 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, infrastructure, machinery and equipment, structures, equipment and lines, and furniture and fixtures. The total increase in the City's investment in capital assets for the current period was \$1,723,007. Detailed information regarding the capital asset activity for 2014 can be found on pages 47 and 48 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset events during the current fiscal year included the following:

Project	Cost
Wastewater Plant Upgrades	\$1,461,564
Developer Contributions	\$ 830,886
Langston Road Sewer	\$ 524,251
Sewer Main Improvement	\$ 404,265
Vehicles & Equipment	\$ 386,997
Drainage Improvements	\$ 116,207
Baird Dr/Westwood Improvements	\$ 144,584
Mt. Galilee Property	\$ 94,162
Carroll Street ADA Ramps	\$ 76,590
Sidewalks	\$ 51,816
Davis Farm Fire Station Phase 2	\$ 47,370
Walker Farms Street Resurfacing	\$ 35,931
Methane Monitoring	\$ 31,671
Public Works Building Renovations	\$ 31,067
Sensus Tower	\$ 20,027
Public Safety Training Center	\$ 9,272

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Perry - Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 9,586,276	\$ 9,403,390	\$ 301,973	\$ 339,473	\$ 9,888,249	\$ 9,742,863
Land improvements	453,291	508,584	-	-	453,291	508,584
Buildings and Improvements	5,018,299	5,056,379	-	-	5,018,299	5,056,379
Infrastructure	30,192,623	30,590,690	-	-	30,192,623	30,590,690
Machinery and Equipment	1,431,598	1,468,355	-	-	1,431,598	1,468,355
Structures, Equipment and Lines	-	-	39,793,669	39,807,879	39,793,669	39,807,879
Construction in Progress	442,013	124,851	2,223,103	420,237	2,665,116	545,088
	\$ 47,124,100	\$ 47,152,249	\$ 42,318,745	\$ 40,567,589	\$ 89,442,845	\$ 87,719,838

Long-Term Debt

At June 30, 2014, the City had total long-term debt outstanding of \$18,898,368 as compared to \$18,980,594 at the end of the prior year. This amount is comprised of \$14,754,000 in water and sewerage system revenue bonds, \$3,707,447 in capital lease agreements, \$336,921 in GEFA loans and \$100,000 loan from the Houston County Development Authority.

City of Perry - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue Bonds	\$ -	\$ -	\$ 14,754,000	\$ 15,124,000	\$ 14,754,000	\$ 15,124,000
Loans	100,000	200,000	336,921	427,951	436,921	627,951
Capital Leases	1,802,764	1,055,725	1,904,683	2,172,918	3,707,447	3,228,643
	\$ 1,902,764	\$ 1,255,725	\$ 16,995,604	\$ 17,724,869	\$ 18,898,368	\$ 18,980,594

Debt issued in 2014 amounted to \$1,438,943 compared to \$1,029,050 in the previous year. The capital leases the City entered into were for machinery and equipment for the public works, gas, water and sewer and storm water operations, and public safety.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of real and personal property. The City has not issued any general obligation debt since 1970 and has had none outstanding since 1990. The amount of general obligation debt legally allowable for the City is \$41,548,997.

Additional information on the City's long-term debt can be found in Note 7 on pages 50 through 53 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Current Year Budget and Rates

Building permits issued for new starts and additions were 195 residential and 20 commercial and accessory structures.

As of June 30, 2014, the unemployment rate for Houston County was 7.3 percent compared to the State of Georgia rate of 7.8 percent. Management has estimated the service population for the City to be 15,094 at June 30, 2014 which is based on the average household of 2.14 persons.

The following factors were considered in preparation of the City budget for 2014:

- * Adjustment of fees and charges
- * No millage rate increase

Request for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in our government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Perry Finance Department, P.O. Box 2030, Perry, Georgia 31069.

BASIC FINANCIAL STATEMENTS

CITY OF PERRY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2014

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Perry Area Convention and Visitors Bureau	Perry Downtown Development Authority	Perry Industrial Building Authority
Cash and cash equivalents	\$ 3,307,106	\$ 1,838,751	\$ 5,145,857	\$ 205,568	\$ 62,895	\$ 237,147.00
Investments	2,094,335	328,313	2,422,648	-	-	-
Taxes receivable	210,412	-	210,412	-	-	-
Accounts receivable, net of allowances	-	1,076,560	1,076,560	-	-	-
Mortgage receivable	2,992	-	2,992	-	-	-
Other receivable	120,053	-	120,053	-	-	-
Due from other governments	250,259	-	250,259	31,508	-	-
Internal balances	12,664	(12,664)	-	-	-	-
Inventories	2,634	-	2,634	-	-	-
Prepaid expenses	-	35,152	35,152	-	-	-
Restricted assets:						
Cash and cash equivalents	-	203,120	203,120	-	-	-
Investments	-	5,267,796	5,267,796	-	-	-
Loans receivable	-	91,146	91,146	-	-	-
Investment in Jointly-Owned Natural Gas Transmission Line	-	641,999	641,999	-	-	-
Capital assets:						
Nondepreciable	10,028,289	2,525,076	12,553,365	492,893	-	-
Depreciable, net of accumulated depreciation	37,095,811	39,793,669	76,889,480	478,403	-	-
Total assets	<u>53,124,555</u>	<u>51,788,918</u>	<u>104,913,473</u>	<u>1,208,372</u>	<u>62,895</u>	<u>237,147</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bond issuance	-	330,152	330,152	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>330,152</u>	<u>330,152</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Accounts payable	764,516	557,688	1,322,204	9,706	-	-
Line of credit payable	269,232	-	269,232	-	-	-
Accrued liabilities	226,627	333,081	559,708	-	-	-
Capital leases due within one year	428,420	526,655	955,075	-	-	-
Capital leases due in more than one year	1,374,344	1,378,028	2,752,372	-	-	-
Loans payable due within one year	-	94,620	94,620	-	-	-
Loans payable due in more than one year	-	242,301	242,301	-	-	-
Notes payable	100,000	-	100,000	-	-	-
Bonds payable due within one year	-	539,000	539,000	-	-	-
Bonds payable due in more than one year net of unamortized premiums and discounts	-	14,215,000	14,215,000	-	-	-
Compensated absences due within one year	149,422	5,759	155,181	1,491	-	-
Compensated absences due in more than one year	153,228	3,116	156,344	1,491	-	-
Net pension obligation	202,464	17,190	219,654	-	-	-
Landfill postclosure care costs due in less than one year	-	3,500	3,500	-	-	-
Landfill postclosure care costs due in more than one year	-	59,151	59,151	-	-	-
Total liabilities	<u>3,668,253</u>	<u>17,975,089</u>	<u>21,643,342</u>	<u>12,688</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	45,321,336	25,323,141	70,644,477	971,296	-	-
Restricted for:						
Capital outlay	30,914	3,349,286	3,380,200	-	-	-
Debt service	-	1,691,609	1,691,609	-	-	-
Capital projects	-	95,902	95,902	-	-	-
Public safety purposes	401,600	-	401,600	-	-	-
Unrestricted	3,702,452	3,684,043	7,386,495	224,388	62,895	237,147
Total net position	<u>\$ 49,456,302</u>	<u>\$ 34,143,981</u>	<u>\$ 83,600,283</u>	<u>\$ 1,195,684</u>	<u>\$ 62,895</u>	<u>\$ 237,147</u>

The accompanying notes are an integral part of these financial statements

CITY OF PERRY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 5,361,965	\$ 2,622,425	\$ -	\$ 1,475,645
Public safety	5,344,131	608,906	8,864	-
Public works	3,420,399	91,613	-	-
Recreation	673,069	274,263	18,230	-
Housing and development	164,912	212,096	-	-
Interest on long-term debt	25,337	-	-	-
Total governmental activities	<u>14,989,813</u>	<u>3,809,303</u>	<u>27,094</u>	<u>1,475,645</u>
Business-type activities:				
Water and sewerage system	5,185,739	5,439,779	-	1,094,368
Storm water utility fund	110,590	204,290	-	-
Gas system	3,368,442	4,065,207	-	58,000
Solid waste	1,096,567	1,214,302	-	-
Revolving loan fund	3,117	-	-	-
Total business-type activities	<u>9,764,455</u>	<u>10,923,578</u>	<u>-</u>	<u>1,152,368</u>
Total primary government	<u>\$ 24,754,268</u>	<u>\$ 14,732,881</u>	<u>\$ 27,094</u>	<u>\$ 2,628,013</u>
Component units:				
Perry Area Convention and Visitors Bureau	\$ 356,524	\$ 25,537	\$ 367,852	\$ -
Perry Downtown Development Authority	21,106	-	23,220	-
Perry Industrial Building Authority	-	-	-	-
Total component units	<u>\$ 377,630</u>	<u>\$ 25,537</u>	<u>\$ 391,072</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Franchise taxes
 Insurance premium tax
 Occupational taxes
 Alcoholic beverage taxes
 Hotel/Motel taxes
 Financial institution taxes
 Unrestricted investment earnings
 Transfers
 Total general revenue and transfers
 Change in net position
 Net position, beginning of year, as restated
 Net position, end of year

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Net (Expenses) Revenues and Changes in Net Position			Component Units		
Governmental Activities	Business-type Activities	Total	Perry Area Convention and Visitors Bureau	Perry Downtown Development Authority	Perry Industrial Building Authority
\$ (1,263,895)	\$ -	\$ (1,263,895)	\$ -	\$ -	\$ -
(4,726,361)	-	(4,726,361)	-	-	-
(3,328,786)	-	(3,328,786)	-	-	-
(380,576)	-	(380,576)	-	-	-
47,184	-	47,184	-	-	-
(25,337)	-	(25,337)	-	-	-
<u>(9,677,771)</u>	<u>-</u>	<u>(9,677,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,348,408	1,348,408	-	-	-
-	93,700	93,700	-	-	-
-	754,765	754,765	-	-	-
-	117,735	117,735	-	-	-
-	(3,117)	(3,117)	-	-	-
<u>-</u>	<u>2,311,491</u>	<u>2,311,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(9,677,771)</u>	<u>2,311,491</u>	<u>(7,366,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>
			36,865	-	-
			-	2,114	-
			-	-	-
			<u>\$ 36,865</u>	<u>\$ 2,114</u>	<u>\$ -</u>
6,261,530	-	6,261,530	-	-	-
1,035,669	-	1,035,669	-	-	-
713,871	-	713,871	-	-	-
179,117	-	179,117	-	-	-
259,529	-	259,529	-	-	-
777,462	-	777,462	-	-	-
-	-	-	-	-	-
5,881	30,297	36,178	237	197	703
258,501	(258,501)	-	-	-	-
<u>9,491,560</u>	<u>(228,204)</u>	<u>9,263,356</u>	<u>237</u>	<u>197</u>	<u>703</u>
<u>(186,211)</u>	<u>2,083,287</u>	<u>1,897,076</u>	<u>37,102</u>	<u>2,311</u>	<u>703</u>
<u>49,642,513</u>	<u>32,060,694</u>	<u>81,703,207</u>	<u>1,158,582</u>	<u>60,584</u>	<u>236,444</u>
<u>\$ 49,456,302</u>	<u>\$ 34,143,981</u>	<u>\$ 83,600,283</u>	<u>\$ 1,195,684</u>	<u>\$ 62,895</u>	<u>\$ 237,147</u>

CITY OF PERRY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2014

	General Fund	SPLOST 2012 Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,364,828	\$ 675,992	\$ 266,286	\$ 3,307,106
Investments	2,094,335	-	-	2,094,335
Taxes receivable, net	116,501	-	93,911	210,412
Due from other funds	86,833	12,106	41,227	140,166
Due from other governments	8,864	218,755	22,640	250,259
Mortgages receivable	2,992	-	-	2,992
Other receivables	120,053	-	-	120,053
Inventories	2,634	-	-	2,634
Total assets	\$ 4,797,040	\$ 906,853	\$ 424,064	\$ 6,127,957
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 175,655	\$ 531,741	\$ 57,120	\$ 764,516
Line of credit payable	269,232	-	-	269,232
Accrued liabilities	218,178	-	2,148	220,326
Deposits	2,325	-	-	2,325
Due to other funds	24,692	19,572	83,238	127,502
Total liabilities	690,082	551,313	142,506	1,383,901
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	42,329	-	-	42,329
Total deferred inflows of resources	42,329	-	-	42,329
FUND BALANCES				
Nonspendable:				
Inventory	2,634	-	-	2,634
Long-term receivables	2,992	-	-	2,992
Restricted for:				
Public safety	-	355,540	46,060	401,600
Grantors and contributors	-	-	1,275	1,275
Capital outlay	-	-	30,914	30,914
Assigned:				
Self insurance	759,329	-	-	759,329
Culture and beautification	44,284	-	176,646	220,930
Administrative	4,198	-	-	4,198
Capital outlay	751,276	-	26,663	777,939
Unassigned:				
General Fund	2,499,916	-	-	2,499,916
Total fund balances	4,064,629	355,540	281,558	4,701,727
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,797,040	\$ 906,853	\$ 424,064	\$ 6,127,957

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balances of governmental funds	\$	4,701,727
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the respective governmental funds:

Cost of capital assets	\$ 71,810,841	
Accumulated depreciation	<u>(24,686,741)</u>	47,124,100

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		42,329
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Long-term liabilities are not due and payable in the current period; therefore, they are not reported in governmental funds:

Accrued interest	(3,976)	
Compensated absences	(302,650)	
Net pension obligation	(202,464)	
Capital leases	(1,802,764)	
Notes payable	<u>(100,000)</u>	<u>(2,411,854)</u>

Net position of governmental activities	\$	<u>49,456,302</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	SPLOST Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 6,246,778	\$ -	\$ -	\$ 6,246,778
Franchise	1,035,669	-	-	1,035,669
Insurance premium	713,871	-	-	713,871
Occupational	179,117	-	-	179,117
Alcoholic beverage	259,529	-	-	259,529
Hotel/motel	-	-	777,462	777,462
Licenses and permits	256,696	-	-	256,696
Intergovernmental	8,864	1,318,101	157,544	1,484,509
Fines and forfeitures	503,531	-	43,315	546,846
Charges for services	1,876,053	-	-	1,876,053
Administrative	722,681	-	-	722,681
Contributions from private sources	18,230	-	-	18,230
Investment earnings	4,924	640	317	5,881
Miscellaneous	174,330	-	232,697	407,027
Total revenues	<u>12,000,273</u>	<u>1,318,741</u>	<u>1,211,335</u>	<u>14,530,349</u>
EXPENDITURES				
Current:				
General government	3,938,774	-	851,200	4,789,974
Public safety	5,251,011	-	20,570	5,271,581
Public works	2,183,674	26,940	-	2,210,614
Recreation	556,432	-	-	556,432
Housing and development	126,356	-	-	126,356
Capital outlay	-	1,427,512	532,706	1,960,218
Debt service:				
Principal	435,743	-	100,000	535,743
Interest and other fees	19,283	-	3,640	22,923
Total expenditures	<u>12,511,273</u>	<u>1,454,452</u>	<u>1,508,116</u>	<u>15,473,841</u>
Deficiency of revenues over expenditures	<u>(511,000)</u>	<u>(135,711)</u>	<u>(296,781)</u>	<u>(943,492)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	213,166	-	77,735	290,901
Transfers out	-	-	(32,400)	(32,400)
Capital lease	1,182,782	-	-	1,182,782
Sale of capital assets	11,444	-	-	11,444
Total other financing sources (uses)	<u>1,407,392</u>	<u>-</u>	<u>45,335</u>	<u>1,452,727</u>
Net change in fund balances	<u>896,392</u>	<u>(135,711)</u>	<u>(251,446)</u>	<u>509,235</u>
Fund balances, beginning of year, as restated	<u>3,168,237</u>	<u>491,251</u>	<u>533,004</u>	<u>4,192,492</u>
Fund balances, end of year	<u>\$ 4,064,629</u>	<u>\$ 355,540</u>	<u>\$ 281,558</u>	<u>\$ 4,701,727</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Net change in fund balances of total governmental funds as noted in the Statement of Revenues, Expenditures and Changes in Fund Balances \$ 509,235

Amounts reported for governmental activities in the Statement of Activities are different from the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	\$	1,765,299	
Depreciation		(1,830,945)	(65,646)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins donations, transfers from enterprise funds) is to increase net position. 37,497

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

Deferred inflows of resources in the prior year	\$	(27,577)	
Deferred inflows of resources in the current year		42,329	14,752

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

Proceeds from capital lease obligations	\$	(1,182,782)	
Payment of long-term debt and note payable		535,743	(647,039)

Some expenses reported in the statement of activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.

Current year change in compensated absences		(32,596)	
Change in accrued interest	\$	(2,414)	(35,010)

Net change in net position of governmental activities as noted in the Statement of Activities \$ (186,211)

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 5,972,100	\$ 6,242,500	\$ 6,246,778	\$ 4,278
Franchise	964,600	1,035,600	1,035,669	69
Insurance premium	689,400	713,800	713,871	71
Occupational	172,300	179,100	179,117	17
Alcoholic beverage	257,600	259,500	259,529	29
Licenses and permits	240,900	256,600	256,696	96
Intergovernmental	-	4,400	8,864	4,464
Fines and forfeitures	455,800	503,500	503,531	31
Charges for services	1,647,500	1,913,800	1,876,053	(37,747)
Administrative	666,100	705,200	722,681	17,481
Contributions from private sources	-	18,200	18,230	30
Investment earnings	4,000	4,900	4,924	24
Miscellaneous	79,800	174,300	174,330	30
Total revenues	<u>11,150,100</u>	<u>12,011,400</u>	<u>12,000,273</u>	<u>(11,127)</u>
EXPENDITURES:				
Current:				
General government				
Mayor	19,900	58,500	58,476	24
City Council	101,800	92,500	92,488	12
City Attorney	88,800	89,400	89,400	-
Municipal Court	230,200	257,600	257,461	139
Administrative	2,374,400	2,529,400	2,531,509	(2,109)
City Manager	351,100	387,800	384,975	2,825
Community Development	506,800	524,300	524,105	195
Elections	6,000	400	360	40
Total general government	<u>3,679,000</u>	<u>3,939,900</u>	<u>3,938,774</u>	<u>1,126</u>
Public safety	5,116,200	5,252,300	5,251,011	1,289
Public works	1,845,700	2,095,700	2,183,674	(87,974)
Recreation	453,000	556,900	556,432	468
Housing and development	141,800	126,500	126,356	144
Debt service				
Principal	299,800	545,100	435,743	109,357
Interest and other fees	6,800	19,600	19,283	317
Total expenditures	<u>11,542,300</u>	<u>12,536,000</u>	<u>12,511,273</u>	<u>24,727</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(392,200)</u>	<u>(524,600)</u>	<u>(511,000)</u>	<u>13,600</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	174,600	213,100	213,166	66
Capital leases	382,000	1,182,700	1,182,782	82
Sale of capital assets	-	-	11,444	11,444
Total other financing sources (uses)	<u>556,600</u>	<u>1,395,800</u>	<u>1,407,392</u>	<u>11,592</u>
Net change in fund balances	<u>164,400</u>	<u>871,200</u>	<u>896,392</u>	<u>25,192</u>
Fund balances, beginning of year	<u>3,168,237</u>	<u>3,168,237</u>	<u>3,168,237</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,332,637</u>	<u>\$ 4,039,437</u>	<u>\$ 4,064,629</u>	<u>\$ 25,192</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2014

	Water and Sewerage System	Storm Water Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 688,379	\$ 59,043	\$ 835,710	\$ 255,619	\$ -	\$ 1,838,751
Investments	328,313	-	-	-	-	328,313
Accounts receivable, net of allowances	639,853	24,734	274,358	137,615	-	1,076,560
Loans receivable, current portion	-	-	-	-	30,900	30,900
Due from other funds	19,708	19,572	8,151	-	-	47,431
Prepaid expenses	22,536	911	2,819	8,886	-	35,152
Total current assets	<u>1,698,789</u>	<u>104,260</u>	<u>1,121,038</u>	<u>402,120</u>	<u>30,900</u>	<u>3,357,107</u>
NONCURRENT ASSETS						
Restricted assets, cash	185,317	-	2,921	-	14,882	203,120
Restricted assets, investments	4,965,895	-	301,901	-	-	5,267,796
Loans receivable	-	-	-	-	60,246	60,246
Investment in Jointly-Owned Natural Gas Transmission Line	-	-	641,999	-	-	641,999
Capital assets:						
Land and easements	149,913	-	62,165	89,895	-	301,973
Structures, equipment and lines	55,389,337	197,213	3,739,924	618,804	-	59,945,278
Construction in progress	2,223,103	-	-	-	-	2,223,103
Less: accumulated depreciation	<u>(17,813,925)</u>	<u>(4,548)</u>	<u>(1,847,604)</u>	<u>(485,532)</u>	<u>-</u>	<u>(20,151,609)</u>
Total noncurrent assets	<u>45,099,640</u>	<u>192,665</u>	<u>2,901,306</u>	<u>223,167</u>	<u>75,128</u>	<u>48,491,906</u>
Total assets	<u>46,798,429</u>	<u>296,925</u>	<u>4,022,344</u>	<u>625,287</u>	<u>106,028</u>	<u>51,849,013</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bond issuances	330,152	-	-	-	-	330,152
Total deferred outflows of resources	<u>330,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,152</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	333,226	394	165,199	51,520	7,349	557,688
Salaries payable	-	-	-	6,218	-	6,218
Retainage payable	151,213	-	-	-	-	151,213
Developer's deposit	30,205	-	-	-	-	30,205
Accrued interest payable	132,635	137	46	133	-	132,951
Due to other funds	-	36,327	5,662	15,329	2,777	60,095
Compensated absences	-	-	-	5,759	-	5,759
Customer deposits payable	9,561	-	2,933	-	-	12,494
Landfill postclosure care costs	-	-	-	3,500	-	3,500
Revenue bonds payable, current portion	539,000	-	-	-	-	539,000
Notes payable, current portion	94,620	-	-	-	-	94,620
Capital leases, current portion	467,477	25,667	8,641	24,870	-	526,655
Total current liabilities	<u>1,757,937</u>	<u>62,525</u>	<u>182,481</u>	<u>107,329</u>	<u>10,126</u>	<u>2,120,398</u>
NONCURRENT LIABILITIES						
Compensated absences, net of current portion	-	-	-	3,116	-	3,116
Revenue bonds	14,215,000	-	-	-	-	14,215,000
Notes payable	242,301	-	-	-	-	242,301
Capital leases	1,312,720	52,516	12,792	-	-	1,378,028
Net pension obligation	-	-	-	17,190	-	17,190
Landfill postclosure care costs	-	-	-	59,151	-	59,151
Total long-term liabilities	<u>15,770,021</u>	<u>52,516</u>	<u>12,792</u>	<u>79,457</u>	<u>-</u>	<u>15,914,786</u>
Total liabilities	<u>17,527,958</u>	<u>115,041</u>	<u>195,273</u>	<u>186,786</u>	<u>10,126</u>	<u>18,035,184</u>
NET POSITION						
Net investment in capital assets	23,077,310	114,482	1,933,052	198,297	-	25,323,141
Restricted for capital outlay	3,349,286	-	-	-	-	3,349,286
Restricted for debt service	1,691,609	-	-	-	-	1,691,609
Restricted for loans receivable	-	-	-	-	95,902	95,902
Unrestricted	<u>1,482,418</u>	<u>67,402</u>	<u>1,894,019</u>	<u>240,204</u>	<u>-</u>	<u>3,684,043</u>
Total net position	<u>\$ 29,600,623</u>	<u>\$ 181,884</u>	<u>\$ 3,827,071</u>	<u>\$ 438,501</u>	<u>\$ 95,902</u>	<u>\$ 34,143,981</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Water and Sewerage System	Storm Water Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
OPERATING REVENUES						
Charges for services	\$ 5,407,175	\$ 204,290	\$ 4,062,450	\$ 1,214,302	\$ -	\$ 10,888,217
Miscellaneous	32,604	-	2,757	-	-	35,361
Total operating revenues	<u>5,439,779</u>	<u>204,290</u>	<u>4,065,207</u>	<u>1,214,302</u>	<u>-</u>	<u>10,923,578</u>
OPERATING EXPENSES						
Cost of sales and services	3,185,878	36,527	3,113,973	645,685	3,112	6,985,175
Salaries and benefits	-	-	-	303,651	-	303,651
Administration	376,691	31,878	183,970	111,770	5	704,314
Depreciation	1,384,331	4,548	70,354	34,262	-	1,493,495
Total operating expenses	<u>4,946,900</u>	<u>72,953</u>	<u>3,368,297</u>	<u>1,095,368</u>	<u>3,117</u>	<u>9,486,635</u>
Operating income (loss)	<u>492,879</u>	<u>131,337</u>	<u>696,910</u>	<u>118,934</u>	<u>(3,117)</u>	<u>1,436,943</u>
NONOPERATING REVENUES (EXPENSES)						
Net income from joint venture	-	-	25,628	-	-	25,628
Loss on asset disposal	-	(37,500)	-	-	-	(37,500)
Interest income - nonrestricted assets	1,541	12	1,228	230	-	3,011
Interest income - restricted assets	-	-	-	-	1,658	1,658
Interest expense	(238,839)	(137)	(145)	(1,199)	-	(240,320)
Total nonoperating revenues (expenses)	<u>(237,298)</u>	<u>(37,625)</u>	<u>26,711</u>	<u>(969)</u>	<u>1,658</u>	<u>(247,523)</u>
Income (loss) before capital contributions and transfers	<u>255,581</u>	<u>93,712</u>	<u>723,621</u>	<u>117,965</u>	<u>(1,459)</u>	<u>1,189,420</u>
CAPITAL CONTRIBUTIONS	<u>1,094,368</u>	<u>-</u>	<u>58,000</u>	<u>-</u>	<u>-</u>	<u>1,152,368</u>
TRANSFERS						
Transfers out	(7,142)	-	(371,899)	-	-	(379,041)
Transfers in	120,540	-	-	-	-	120,540
Total transfers	<u>113,398</u>	<u>-</u>	<u>(371,899)</u>	<u>-</u>	<u>-</u>	<u>(258,501)</u>
Change in net position	<u>1,463,347</u>	<u>93,712</u>	<u>409,722</u>	<u>117,965</u>	<u>(1,459)</u>	<u>2,083,287</u>
NET POSITION, beginning of year, as restated	<u>28,137,276</u>	<u>88,172</u>	<u>3,417,349</u>	<u>320,536</u>	<u>97,361</u>	<u>32,060,694</u>
NET POSITION, end of year	<u>\$ 29,600,623</u>	<u>\$ 181,884</u>	<u>\$ 3,827,071</u>	<u>\$ 438,501</u>	<u>\$ 95,902</u>	<u>\$ 34,143,981</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Water and Sewerage System	Storm Water Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 5,495,717	\$ 173,028	\$ 4,048,611	\$ 1,213,545	\$ 7,009	\$ 10,937,910
Payments to suppliers	(3,096,178)	(33,244)	(3,371,304)	(774,625)	-	(7,275,351)
Payments to employees	(376,691)	-	(183,970)	(298,630)	-	(859,291)
Net cash provided by operating activities	<u>2,022,848</u>	<u>139,784</u>	<u>493,337</u>	<u>140,290</u>	<u>7,009</u>	<u>2,803,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	120,540	-	-	-	-	120,540
Transfers out	(7,142)	-	(371,899)	-	-	(379,041)
Net cash provided by (used in) noncapital financing activities	<u>113,398</u>	<u>-</u>	<u>(371,899)</u>	<u>-</u>	<u>-</u>	<u>(258,501)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(2,091,927)	(194,391)	(23,226)	(31,671)	-	(2,341,215)
Principal paid on bonds	(370,000)	-	-	-	-	(370,000)
Principal paid on notes payable and capital leases	(561,961)	-	(4,692)	(48,773)	-	(615,426)
Proceeds from capital lease financing	158,933	78,183	19,045	-	-	256,161
Interest paid	(308,878)	-	(133)	(1,425)	-	(310,436)
Net cash used in capital and related financing activities	<u>(3,173,833)</u>	<u>(116,208)</u>	<u>(9,006)</u>	<u>(81,869)</u>	<u>-</u>	<u>(3,380,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(392)	-	(25,988)	-	-	(26,380)
Proceeds from investments	743,223	-	-	-	-	743,223
Proceeds from revolving loans	-	-	-	-	31,043	31,043
Cash disbursed for new revolving loans	-	-	-	-	(54,892)	(54,892)
Interest received	1,541	12	1,228	230	1,634	4,645
Net cash provided by (used in) investing activities	<u>744,372</u>	<u>12</u>	<u>(24,760)</u>	<u>230</u>	<u>(22,215)</u>	<u>697,639</u>
Increase (decrease) in cash and cash equivalents	(293,215)	23,588	87,672	58,651	(15,206)	(138,510)
Cash and cash equivalents:						
Beginning of year	1,166,911	35,455	750,959	196,968	30,088	2,180,381
End of year	<u>\$ 873,696</u>	<u>\$ 59,043</u>	<u>\$ 838,631</u>	<u>\$ 255,619</u>	<u>\$ 14,882</u>	<u>\$ 2,041,871</u>
Classified as:						
Cash and cash equivalents	\$ 688,379	\$ 59,043	\$ 835,710	\$ 255,619	\$ -	\$ 1,838,751
Restricted assets, cash	185,317	-	2,921	-	14,882	203,120
Total cash and cash equivalents	<u>\$ 873,696</u>	<u>\$ 59,043</u>	<u>\$ 838,631</u>	<u>\$ 255,619</u>	<u>\$ 14,882</u>	<u>\$ 2,041,871</u>

(Continued)

CITY OF PERRY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Water and Sewerage System	Storm Water Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 492,879	\$ 131,337	\$ 696,910	\$ 118,934	\$ (3,117)	\$ 1,436,943
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	1,384,331	4,548	70,354	34,262	-	1,493,495
Provision for landfill closure / postclosure care costs	-	-	-	(2,323)	-	(2,323)
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(139,057)	(11,690)	(42,224)	(757)	-	(193,728)
Investment in JOTL	-	-	25,628	-	-	25,628
Prepaid expenses	(932)	(911)	34	1,435	-	(374)
Due from other funds	194,995	(19,572)	(8,151)	-	-	167,272
Increase (decrease) in:						
Accounts payable	222,273	(183)	(21,422)	(1,977)	7,349	206,040
Retainage payable	151,213	-	-	-	-	151,213
Accrued liabilities	(22,686)	-	-	5,021	-	(17,665)
Compensated absences payable	-	-	-	2,133	-	2,133
Due to other funds	(260,168)	36,255	(227,792)	(16,438)	2,777	(465,366)
Net cash provided by operating activities	\$ 2,022,848	\$ 139,784	\$ 493,337	\$ 140,290	\$ 7,009	\$ 2,803,268
Noncash capital and related financing activities:						
Contributions of capital assets	\$ 1,094,368	\$ -	\$ 58,000	\$ -	\$ -	\$ 1,152,368
Asset transfer to general government activities	-	37,500	-	-	-	37,500

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA
STATEMENT OF FIDUCIARY ASSET AND LIABILITY
FIDUCIARY FUND
JUNE 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash	\$ <u>2,859</u>
Total assets	\$ <u><u>2,859</u></u>
LIABILITY	
Payable from assets	
Confiscated assets pending disposition	<u>2,859</u>
Total liabilities	\$ <u><u>2,859</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PERRY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Perry, Georgia (hereinafter the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City of Perry, Georgia was reincorporated by the General Assembly of Georgia 1983 Georgia Laws (Act No. 444) by the enactment of a charter effective July 1, 1983. The City was originally chartered in 1824.

City government is conducted by a nonpartisan Mayor and Council. The council is composed of six elected members, two from each of three districts. Members serve staggered four-year terms. Council selects a city manager who oversees day-to-day operations of the City.

The City provides numerous municipal services authorized by its charter and operates three major utilities.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards Board (the "GASB") No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", the component units' financial statements have been included as either blended or discretely presented. All of the City's component units have a June 30 year-end. As of June 30, 2014, the City does not have any blended component units.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units

The Perry Area Convention and Visitors Bureau (hereinafter the Visitors Bureau) was created to promote tourism, trade and conventions for the City. The governing board consists of nine regular members and four ex-officio members. The Mayor and City Council of the City appoint the regular members. Five of these members must be recommended by the Perry Area Chamber of Commerce board of directors. The ex-officio members are the executive director of the authority, the city manager, the executive director of the Perry Area Chamber of Commerce and the executive director of the Georgia National Fairgrounds and Agricenter. The City provides the major support to the Visitors Bureau through the collection and remittance of hotel motel taxes. The Visitors Bureau is reported as a governmental fund type. Complete financial statements for the Visitors Bureau may be obtained at the entity's administrative offices:

Perry Area Convention and Visitors Bureau
101 Courtney Hodges Boulevard
Perry, Georgia 31069

The Perry Downtown Development Authority (hereinafter the Authority) was created to revitalize and redevelop the central business district of the City, to develop and promote for the public good and general welfare, trade, commerce, industry and employment opportunities. The Authority is governed by seven directors appointed by the Mayor and City Council. The City provides support to the Authority relative to the yearly operating budget requirements. The Authority is reported as a governmental fund type. Complete financial statements for the Authority may be obtained at the entity's administrative offices:

Perry Downtown Development Authority
1211 Washington Street
Perry, Georgia 31069

The Perry Industrial Building Authority (hereinafter the Building Authority) was created to encourage and promote the expansion and development of industrial and commercial facilities in the City. The Building Authority is governed by two directors appointed by the Mayor and City Council and three ex-officio members – the mayor, the chairman of the Houston County Board of Commissioners and the president of the Perry Area Chamber of Commerce. The City does have the ability to impose its will on the Building Authority relative to the use of existing funds. The Building Authority's financial statements consist of a general fund only and is reported as a governmental fund type. The Building Authority has not issued separate financial statements for the current fiscal year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component units. *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 certain legally separate *component units* 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) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment earnings and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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, special purpose local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, investment earnings and charges for services 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 City.

The City reports the following major governmental funds:

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

SPLOST 2012 Fund – The Special Purpose Local Option Sales Tax Fund accounts for the City’s construction and improvement projects based on the 1 cent special purpose sales tax approved by the voters of the City of Perry.

The City reports the following major proprietary funds:

Water and Sewerage System – accounts for the operations and maintenance of the City’s water and wastewater services to the residents and businesses of the City.

Stormwater Utility Fund – accounts for the operations and maintenance of the City’s stormwater management program.

Gas System – accounts for the operations and maintenance of the City’s natural gas services to the residents and businesses of the City.

Solid Waste Fund – accounts for the operation and maintenance of the City’s trash and leaf and limb collections to the residents and businesses of the City.

Additionally, the City reports the following fund type:

Fiduciary Fund – accounts for money confiscated and held pending disposition by courts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

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

D. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Deposits and Investments

Deposits

The City'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.

Investments

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received including property taxes, amounts due from other funds and grants.

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

G. Interfund Receivables, Payables, and Transfers

In the fund financial statements balances that are representative of lending/borrowing arrangements, outstanding at the end of the fiscal year, are referred to as "interfund receivables/interfund payables." In the government-wide financial statements these balances are netted and reported as "internal balances."

H. Inventories

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

In the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis.

I. Prepaid Items

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Restricted Assets

Resources set aside in proprietary funds for repayment of bonds, and renewal and extension in the amounts of \$1,691,609 are classified as restricted assets because their use is limited by bond covenants. A corresponding portion of net position is segregated by its classification as "restricted for debt service."

Resources set aside in proprietary funds for proceeds of revenue bond issuances that are restricted for use in construction are in the amount of \$3,349,286. A corresponding portion of net position is segregated by its classification as "restricted for capital outlay."

Customers' meter deposits are classified as restricted assets because their use is limited. Customers' meter deposits for the Water and Sewerage System and Gas System are \$9,561 and \$2,933, respectively.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Preliminary and interim costs incurred by governmental funds for capital projects are reported as "construction in progress." Costs related to abandoned projects are expensed when the project is abandoned.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City contracted with a third party appraiser for the initial recording of these assets through historical costs and City records. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of donation.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on proprietary fund assets. The amount of interest capitalized depends on the specific circumstances. During the fiscal year ended June 30, 2014, the amount of interest capitalized was \$370,602.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and fixtures	5-7 years
Machinery and equipment	3-10 years
Lines and Mains	50 years
Buildings and improvements	10-50 years
Land Improvements	10-25 years
Infrastructure	50 years

L. Compensated Absences

Annual leave is earned by all permanent City employees and may be accumulated and carried over to a maximum of 240 hours per employee (366 hours for firefighters). In accordance with GASB Statement 16, the City accrues the cost of annual leave when the leave is earned. This cost is accrued in the government-wide and proprietary fund financial statements.

Sick leave is earned by all full-time City employees and 1,280 hours may be accumulated (1,792 for firefighters). Employees leaving the City are not entitled to payment for accumulated sick leave. In accordance with GASB Statement 16, the City does not accrue sick leave because employees do not receive "termination payments" upon leaving the City.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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.

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 and 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows / Inflows of Resources

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of July 1, 2012. This standard establishes accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City has one item that qualifies for reporting in this category - it is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and being amortized over the life of the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

O. Fund Equity

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund Balance

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Mayor and City Council through the adoption of a resolution. The Mayor and City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Mayor and City Council have authorized the City Manager or his designee to assign fund balance.
- **Unassigned** – Fund balances are reported as unassigned when the balances have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes with the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund Balance Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

Net Position

Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e. the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. Allocation of Administrative Costs

At the governmental fund level, the City allocates administrative costs to the various departments and funds for which services are provided as allowable by the benefiting fund. The allocations are based upon the City's estimate of each fund's share of the services.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

An annual appropriated budget is adopted by ordinance for all fund types except fiduciary funds, which are not budgeted and capital project funds which have project length budgets. The budgets are prepared on the modified accrual basis for governmental fund types and on the accrual basis for proprietary fund types and are consistent with generally accepted accounting principles. All annual appropriations lapse at the end of the fiscal year with the exception of the capital project funds.

On or before the last day of February each year, all departments of the City submit requests for appropriations to the city manager so that a budget may be prepared. Appropriated budgets are compiled by the city manager, finance officer and department heads. Before the first day of May, the proposed budget is presented to the Mayor and Council for review. After holding a public hearing, a final budget is prepared and adopted not later than June 30.

Budgetary control is maintained at the department level. Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of City Council.

For the fiscal year ending June 30, 2014, expenditures exceeded final amended budgets in the General Fund in the following departments: general government – administration \$2,109 and public works \$87,974.

NOTE 3. DEPOSITS AND INVESTMENTS

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

Georgia laws (O.C.G.A. 36-83-4 and 36-82-7) limit investments of the City. The City has no investment policy that would further limit its investment choices. As of June 30, 2014, the City's investment in the Georgia Fund 1 was rated AAAf by Standard & Poor's. Shares sold and redeemed are based on \$1 per share. The reported value of the pool is the same as the fair value of the pool shares. The Georgia Fund 1 is managed by the Office of the State Treasurer.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2014, the City's bank balances of deposits are entirely covered under insurance or collateralization with securities held by the City's agent in the City's name.

State statutes require banks holding public funds to secure the funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

As of June 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	62	\$ 6,073,835
U.S. Treasury Bills	92	<u>1,616,609</u>
Total Fair Value		<u>\$ 7,690,444</u>
Portfolio Weighted Average Maturity	37	

State statute authorizes the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the local government investment pool (Georgia Fund 1).

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, not being depreciated:					
Land and land improvements	\$ 9,403,390	\$ 145,389	\$ (3)	\$ 37,500	\$ 9,586,276
Construction in progress	124,851	405,117	-	(87,955)	442,013
Total capital assets, not being depreciated	<u>9,528,241</u>	<u>550,506</u>	<u>(3)</u>	<u>(50,455)</u>	<u>10,028,289</u>
Capital assets, being depreciated:					
Buildings and improvements	6,749,585	114,329	(3,832)	-	6,860,082
Land improvements	1,287,691	-	(6,640)	-	1,281,051
Furnitures and fixtures	34,441	-	-	-	34,441
Machinery and equipment	4,995,613	327,156	(163,662)	-	5,159,107
Infrastructure	47,586,608	773,308	-	87,955	48,447,871
Total capital assets, being depreciated	<u>60,653,938</u>	<u>1,214,793</u>	<u>(174,134)</u>	<u>87,955</u>	<u>61,782,552</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,693,206)	(152,409)	3,832	-	(1,841,783)
Land improvements	(779,107)	(55,293)	6,640	-	(827,760)
Furnitures and fixtures	(34,441)	-	-	-	(34,441)
Machinery and equipment	(3,527,258)	(363,913)	163,662	-	(3,727,509)
Infrastructure	(16,995,918)	(1,259,330)	-	-	(18,255,248)
Total accumulated depreciation	<u>(23,029,930)</u>	<u>(1,830,945)</u>	<u>174,134</u>	<u>-</u>	<u>(24,686,741)</u>
Total capital assets, being depreciated, net	<u>37,624,008</u>	<u>(616,152)</u>	<u>-</u>	<u>87,955</u>	<u>37,095,811</u>
Governmental activities capital assets, net	<u>\$ 47,152,249</u>	<u>\$ (65,646)</u>	<u>\$ (3)</u>	<u>\$ 37,500</u>	<u>\$ 47,124,100</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital Assets, not being depreciated:					
Land and easements	\$ 339,473	\$ -	\$ -	\$ (37,500)	\$ 301,973
Construction in progress	420,237	2,157,392	-	(354,526)	2,223,103
Total capital assets, not being depreciated	<u>759,710</u>	<u>2,157,392</u>	<u>-</u>	<u>(392,026)</u>	<u>2,525,076</u>
Capital assets, being depreciated:					
Structures, equipment and lines	58,297,748	1,336,191	(43,187)	354,526	59,945,278
Less accumulated depreciation for:					
Structures, equipment and lines	<u>(18,701,160)</u>	<u>(1,493,495)</u>	<u>43,046</u>	<u>-</u>	<u>(20,151,609)</u>
Total capital assets, being depreciated, net	<u>39,596,588</u>	<u>(157,304)</u>	<u>(141)</u>	<u>354,526</u>	<u>39,793,669</u>
Business-type activities capital assets, net	<u>\$ 40,356,298</u>	<u>\$ 2,000,088</u>	<u>\$ (141)</u>	<u>\$ (37,500)</u>	<u>\$ 42,318,745</u>

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

Governmental activities:	
General government	\$ 100,653
Public safety	292,841
Public works	1,270,452
Parks and recreation	131,700
Housing and development	35,299
Total depreciation expense - governmental activities	<u>\$ 1,830,945</u>
Business-type activities:	
Water and sewerage system	\$ 1,384,331
Stormwater utility fund	4,548
Gas system	70,354
Solid waste	34,262
Total depreciation expense - business-type activities	<u>\$ 1,493,495</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Receivable Fund:						Total
	Governmental Funds			Enterprise Funds			
	General	SPLOST Construction	Non-Major	Gas System	Water and Sewerage System	Stormwater Utility Fund	
Payable Fund:							
General	\$ -	\$ -	\$ 2,495	\$ 8,151	\$ 14,046	\$ -	\$ 24,692
SPLOST Construction	-	-	-	-	-	19,572	19,572
Non-Major Governmental	32,400	12,106	38,732	-	-	-	83,238
Solid Waste Fund	15,329	-	-	-	-	-	15,329
Stormwater Utility Fund	36,327	-	-	-	-	-	36,327
Gas System	-	-	-	-	5,662	-	5,662
Non-Major Enterprise	2,777	-	-	-	-	-	2,777
	<u>\$ 86,833</u>	<u>\$ 12,106</u>	<u>\$ 41,227</u>	<u>\$ 8,151</u>	<u>\$ 19,708</u>	<u>\$ 19,572</u>	<u>\$ 187,597</u>

These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2014 is as follows:

	Fund Transfers Out:			Total
	Water and Sewerage System	Gas System	Non-Major Governmental	
Fund Transfers In:				
General	\$ 7,142	\$ 173,624	\$ 32,400	\$ 213,166
Water and Sewerage System	-	120,540	-	120,540
Non-Major Governmental	-	77,735	-	77,735
	<u>\$ 7,142</u>	<u>\$ 371,899</u>	<u>\$ 32,400</u>	<u>\$ 411,441</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) close out funds no longer used by the City, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LANDFILL POSTCLOSURE CARE COSTS

The City has closed its Chapel Road/Ford Creek landfill site and has received a closure certificate from the Georgia Environmental Protection Division (EPD). State and federal laws and regulations require the City to perform certain maintenance and monitoring functions for 30 years after closure. The EPD approved total assured costs for this fiscal year are \$62,651 and are reported as a current and noncurrent liability in the Solid Waste enterprise fund. Actual costs may be higher than estimates due to inflation, changes in technology or regulations. During 2014, the City increased/adjusted these closure costs for inflation by \$2,323.

NOTE 7. LONG-TERM DEBT

Primary Government

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment and for system expansion and refunding. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Interest rates vary from 1.52% to 4.05%. Total cost of assets acquired under these capital leases as of June 30, 2014 is \$8,120,652. Accumulated depreciation on assets acquired under capital lease as of June 30, 2014 is \$3,354,620. Cost of equipment included in the governmental activities statement of net position is \$1,136,244, which includes \$2,182,917 of accumulated depreciation. Cost of equipment and system expansion and refunding included in the business-type activities statement of net position is \$3,629,788, which includes \$1,171,703 of accumulated depreciation.

Annual debt service requirements to maturity for these capital leases are as follows:

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 428,420	\$ 38,221	\$ 466,641	\$ 526,655	\$ 55,243	\$ 581,898
2016	324,139	31,124	355,263	525,518	37,647	563,165
2017	330,516	24,748	355,264	543,298	19,809	563,107
2018	188,771	19,989	208,760	309,212	3,454	312,666
2019	59,455	15,670	75,125	-	-	-
2020-2024	326,247	49,374	375,621	-	-	-
2025-2026	145,216	5,076	150,292	-	-	-
Total	<u>\$ 1,802,764</u>	<u>\$ 184,202</u>	<u>\$ 1,986,966</u>	<u>\$ 1,904,683</u>	<u>\$ 116,153</u>	<u>\$ 2,020,836</u>

Although the City is not obligated to make annual appropriations under these leases, failure to do so will result in forfeiture of the assets acquired with these lease proceeds.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Note Payable

In 2010, the City entered into a promissory note with the Houston County Development Authority for the City's contribution to the Go Fish Project by the State of Georgia in the amount of \$500,000. Interest will accrue on the unpaid balance at 56% of the prime rate. Any payment made 10 days after the respective due date of May 31, shall accrue a late fee of 5% of the respective payment amount. The annual debt service requirements for this note are as follows:

Fiscal Year Ending June 30,	Governmental Activities
	Principal
2015	\$ 100,000

Loans – General Obligation Debt

The City's Water and Sewerage System has two loans with the Georgia Environmental Facilities Authority for system expansion. These loans are in the original amount of \$1,445,204 with interest rates varying from 3.75% to 4%. The City has agreed to establish a schedule of rents, rates, fees, and charges and other sources of revenue sufficient to pay the cost of acquiring, constructing, equipping, operating, maintaining, replacing, renewing and repairing the facilities of the City's Water and Sewerage System. This general obligation debt is paid solely from revenues generated by fund activities.

Annual debt service requirements to maturity for these loans are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 94,620	\$ 11,429	\$ 106,049
2016	58,082	8,098	66,180
2017	46,632	6,258	52,890
2018	48,406	4,484	52,890
2019	50,246	2,643	52,889
2020-2021	38,935	732	39,667
Total	\$ 336,921	\$ 33,644	\$ 370,565

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

The City's business-type activity, the Water and Sewerage System has revenue bonds payable solely from revenues generated by fund activities. The bond indentures contain restrictions on the use of bond proceeds and fund revenues as well as providing for sinking funds, renewal and extension funds and minimum fund operating requirements (revenue bond coverage).

On January 4, 2005, the City issued \$3,880,000 in Series 2005 Revenue Bonds to provide for system expansion. The interest rate is 4.62%. The first principal payment was due in 2013.

On September 18, 2007, the City issued \$9,445,000 in Series 2007 Revenue Bonds to provide for system expansion. The interest rate varies from 3.6% to 4.0%.

On May 14, 2013, the City issued \$5,304,000 in Revenue Bonds with interest rates ranging from 1.92% to 2.45%. The proceeds were used to refund \$1,558,876 of the 1998 Revenue Bonds and advance refund a portion of the outstanding 2005 Revenue Bonds in the amount of \$3,365,000. The net proceeds of \$3,620,936 (including a \$255,936 premium and after payment of \$124,188 in issuance costs) were deposited in an escrow account to provide funds for the future debt payments on the portion of the advance refunded bonds. The advanced refunding resulted in an economic gain of approximately \$284,000. As a result, the refunded portion of the 2005 Revenue Bonds is considered defeased and the liability for those bonds have been removed from the statement of net position.

The remaining 2005 Revenue Bonds mature in fiscal years 2014 through 2016.

The 2007 and 2013 Revenue Bonds are parity bonds in that they both have a first lien on water and sewerage system assets and revenues. The following summarizes the debt service requirements of the revenue bonds.

Fiscal Year Ending June 30,	2005 Revenue Bonds		2007 Revenue Bonds		2013 Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 170,000	\$ 16,170	\$ 50,000	\$ 377,242	\$ 319,000	\$ 95,798	\$ 539,000	\$ 489,210
2016	180,000	8,316	50,000	375,442	325,000	89,616	555,000	473,374
2017	-	-	55,000	373,552	521,000	81,494	576,000	455,046
2018	-	-	55,000	371,572	530,000	71,404	585,000	442,976
2019	-	-	60,000	369,412	540,000	61,132	600,000	430,544
2020-2024	-	-	360,000	1,807,664	2,914,000	141,812	3,274,000	1,949,476
2025-2029	-	-	3,880,000	1,394,885	-	-	3,880,000	1,394,885
2030-2034	-	-	4,745,000	513,044	-	-	4,745,000	513,044
Total	\$ 350,000	\$ 24,486	\$ 9,255,000	\$ 5,582,813	\$ 5,149,000	\$ 541,256	\$ 14,754,000	\$ 6,148,555

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 200,000	\$ -	\$ (100,000)	\$ 100,000	\$ 100,000
Capital leases payable	1,055,725	1,182,782	(435,743)	1,802,764	428,420
Compensated absences	270,054	139,861	(107,265)	302,650	149,422
Net pension obligation	202,464	128,128	(128,128)	202,464	-
	\$ 1,728,243	\$ 1,450,771	\$ (771,136)	\$ 2,407,878	\$ 677,842
Business-type activities:					
Revenue bonds	\$ 15,124,000	\$ -	\$ (370,000)	\$ 14,754,000	\$ 539,000
Notes payable	427,951	-	(91,030)	336,921	94,620
Capital lease payable	2,172,918	256,161	(524,396)	1,904,683	526,655
Compensated absences	6,742	5,719	(3,586)	8,875	5,759
Net pension obligation	17,190	10,879	(10,879)	17,190	-
Landfill postclosure care costs	64,974	-	(2,323)	62,651	3,500
	\$ 17,813,775	\$ 272,759	\$ (1,002,214)	\$ 17,084,320	\$ 1,169,534

For governmental activities, compensated absences and net pension obligations are generally liquidated by the General Fund. For business-type activities, compensated absences, the net pension obligations and landfill postclosure care costs are generally paid for by the Solid Waste Fund.

NOTE 8. SHORT-TERM BORROWINGS

In October 2013, the City obtained short-term financing in the form of a line of credit, totaling \$109,000, from a local financial institution in order to finance the purchase of certain real property within the City. The amount borrowed under this arrangement was \$109,000. This amount, plus interest at 1.43%, was paid off in full during December 2013.

In February 2014, the City obtained short-term financing in the form of a line of credit, totaling \$177,050, from a local financial institution in order to finance purchases of certain real property within the City. In March 2014, the City refinanced this line of credit with a local financial institution for a total amount of \$500,000. The City made total draws on the line of credit of \$269,232. The line of credit is due December 31, 2014 and carries interest at 1.60%.

Short-term borrowing activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Short-term borrowings	\$ -	\$ 378,232	\$ (109,000)	\$ 269,232
	\$ -	\$ 378,232	\$ (109,000)	\$ 269,232

NOTES TO FINANCIAL STATEMENTS

NOTE 9. TAX REVENUE

Property Tax

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 personal property tax returns must be filed 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 Houston County.

Exemptions are permitted for certain inventories. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the 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 (40%) of fair market value. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

	<u>Real/Personal Property (Excluding Vehicles)</u>	<u>Motor Vehicles</u>
Assessment date	January 1	January 1
Levy date	October 7	January 1
Due dates and collection dates	December 20	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

Hotel/Motel Excise Tax

The City levies and collects an 8% lodging tax which is reported in the Hotel/Motel Tax special revenue fund. In 2012, an amendment was made to the contract with the Perry Area Convention and Visitors Bureau relative to the annual allocation. Under the terms of the new contract, the City is to pay the Visitors Bureau an annual allocation the City determines to be appropriate based on the Visitors Bureau's approved budget from the tourism promotion portion of the total accommodation excise tax collected. In no case shall that amount be less than 25% of the total tax collections. The allocations are paid in monthly installments. The contract may be canceled by either party upon a 90-day notice.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. TAX REVENUE (CONTINUED)

Hotel/Motel Excise Tax (Continued)

A summary of the hotel/motel excise tax expenditures and receipts for the fiscal year ended June 30, 2014 is as follows:

<u>Expenditure by Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Perry Area Convention and Visitors Bureau	\$ 340,138	\$ 340,138	44%
General Fund	437,324	437,324	56%
Total	<u>\$ 777,462</u>	<u>\$ 777,462</u>	<u>100%</u>

The schedule above reflects current year revenues and expenditures relative to current year revenues. The City does not transfer their entire portion of hotel/motel excise tax receipts to the General Fund. Therefore, the fund reports a year-end fund balance.

NOTE 10. PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Perry 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. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia 30303-3606.

Freezing of Plan

Effective January 1, 2012, the plan is frozen to new entrants and participants (including officials) and shall not accrue any additional benefits. Participants are 100% vested in their accrued benefits. Due to the plan freeze, the asset method was changed to not allow the actuarial value of the assets to exceed 120% of market value. There were no other changes in plan provisions, methods, or assumptions in this valuation.

Basis of Accounting

The City of Perry financial statements are prepared using the modified accrual basis. Employer contributions are recognized in the period that the contributions are due.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Funding Policy

The plan members are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate. For future valuations, the recommended contribution as a percentage of payroll should remain relatively stable (in the absence of changes to plan provisions or to the actuarial assumptions or methods). As the dollar amount of payroll increases or decreases, the recommended contribution is expected to adjust in a like manner. Experience of the plan which differs materially from that expected by the actuarial assumptions will also change the percentage of payroll over time. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Annual Pension Cost

The City's annual pension costs for the last three years are as follows:

Three-Year Trend Information for the Plan

Fiscal Year Ending	Annual Required Contribution	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/12	\$ 433,636	\$ 267,593	100%	\$ 219,654
6/30/13	101,306	101,306	100%	219,654
6/30/14	139,007	139,007	100%	219,654

For the fiscal year, the City's annual pension cost was \$139,007.

The required contribution was determined as part of the January 1, 2014 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), (b) projected salary increases are not applicable, (c) social security wage base increases are not applicable, (d) 3.5% inflation rate and (e) 3.5% cost of living adjustments. The Plan's unfunded actuarial accrued liability is level dollar over 11 years for the initial unfunded accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ 10,371,418	\$ 10,974,945	\$ 603,527	94.5 %	\$ -	N/A

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2014.

Additional Information

Additional information as of the last actuarial valuation is as follows:

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Valuation date	January 1, 2014
Actuarial cost method	Projected unit credit
Amortization method and period	Level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods.
Remaining amortization period	11 years
Actuarial asset valuation method	Sum of actuarial value at the beginning of the year and the cash flows 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 the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

<u>Actuarial Assumptions</u>	
Investment rate-of-return	7.75%
Inflation rate	3.50%
Projected salary increases	N/A
Cost of living adjustments	3.50%

<u>Membership of the Plan:</u>	
Retirees and beneficiaries receiving benefits	87
Terminated plan members entitled to, but not yet receiving benefits	202
Total	289

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

Annual required contribution	\$ 77,202
Interest on net pension obligation	57,369
Adjustments to annual required contribution	4,436
Annual pension cost	<u>139,007</u>
Contributions made	<u>139,007</u>
(Increase) decrease in net pension obligation (asset)	-
Net pension obligation (asset), beginning of year	<u>219,654</u>
Net pension obligation (asset), end of year	<u><u>\$ 219,654</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. ICMA RETIREMENT PLANS

Section 401 Plan

In January 2012, the City adopted the City of Perry Defined Contribution Plan in the form of the ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. All fulltime employees, elected and appointed officials are eligible to participate in the Plan. There is no minimum age requirement relative to eligibility. However, employees must be actively participating in the 457 Plan to be eligible for the employer match. Employer matching contributions shall not exceed 3% of earnings. All full-time employees and elected and appointed officials employed as of December 31, 2011 are considered 100% vested regardless of their length of service with the City. Other vesting in the plan is as follows: one year – 20% vested, two years – 40% vested, three years – 60% vested, four years – 80% vested, and five years – 100% vested. Participant loans are permitted under the Plan, subject to Plan provisions. Employer contributions for fiscal year ended June 30, 2014 were \$130,752.

Section 457 Plan

In January 2012, the City adopted a 457 Deferred Compensation Plan in the form of ICMA Retirement Corporation Deferred Compensation Plan and Trust. Per the Plan document, employees may make voluntary pretax contributions to the plan, subject to the limitations. Participant loans are permitted under the Plan, subject to Plan provisions.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The City provides a self-insurance health and dental plan for its employees. This plan is accounted for in the General Fund and funded accordingly to the historical cost of health and dental benefits provided to city employees. The City purchases specific and aggregate stop loss insurance to protect itself in unusual circumstances. Claims payable consist of claims incurred but not yet paid as of June 30, 2014 and were estimated based on the Loss Analysis Report provided by the third-party administrator and pending specific stop loss reimbursements.

Changes in claims payable are as follows:

	Year Ended June 30,		
	2014	2013	2012
Beginning	\$ 17,881	\$ 109,074	\$ 103,985
Claims incurred	1,055,066	1,089,749	1,949,232
Claims paid	(951,154)	(1,180,942)	(1,944,143)
Ending	\$ 121,793	\$ 17,881	\$ 109,074

The City has insurance coverage with the Georgia Interlock Risk Management Agency (GIRMA). Losses relative to these risks are limited to a \$5,000 deductible provided for in the GIRMA contracts. During the past three years, settlements have not exceeded the coverages.

The City has joined with other municipalities in the state as part of GIRMA and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association administers both risk pools. As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the pools, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the pools being required to pay any claims of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claims made against the City within the scope of loss protection furnished by the pools. The pools are to defend and protect the members of the pools against liability or loss as prescribed in the member governments' contract and in accordance with the Worker's Compensation laws of Georgia. The pools are to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CONTRACTS

The City has a contract with the Perry Area Convention and Visitors Bureau whereby the Visitors Bureau will staff and maintain a facility for tourism development, visitor information, and a rest area for travelers and for the general promotion of the City. During the term of the contract, the City is required to pay to the Visitors Bureau no less than 25% of all hotel/motel tax revenues collected by the City. The contract may be canceled by either party upon a 90-day notice.

The City has a contract with the Perry Area Chamber of Commerce whereby the Chamber will promote and publicize the City of Perry. Under terms of this agreement, the City pays the Chamber \$6,000 a year (\$500 monthly). The term of this contract is from July 1 to June 30 and is reconsidered annually.

The City has entered into various contracts relative to natural gas supply whereby the City along with other participating municipalities is jointly and severally liable for costs under these contracts.

NOTE 14. CONTINGENT LIABILITIES

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 amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in a various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 15. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 11 county middle Georgia area, is a member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RC in Georgia. RC board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 C Emery Highway
Macon, Georgia 31217

NOTES TO FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURES (CONTINUED)

The City of Perry, together with the cities of Warner Robins, Hawkinsville and Cochran, Georgia formed the Jointly-Owned Natural Gas Transmission Line (the "JOTL") in 1953. The JOTL was established to provide maintenance and related services for a natural gas transmission line serving the above cities and their customers. A board of directors, composed of one member from each of the cities, manages the JOTL. The JOTL's major source of revenue consists of reimbursements for operating expenses and capital outlays from member cities. The JOTL's financial records are maintained on a fiscal year ending September 30 of each year. A separately issued financial report is available and may be obtained from:

Jointly-Owned Natural Gas
200 Dunbar Road
Byron, Georgia 31008

The following is a summary schedule of the JOTL's basic financial statements for the year ending September 30, 2013:

Cash and cash equivalents	\$ 88,661
Other assets	290,126
Property and equipment, net	<u>3,978,637</u>
Total assets	<u>\$ 4,357,424</u>
Liabilities	\$ 643,967
Net assets - unreserved	<u>3,713,457</u>
Total liabilities and net assets	<u>\$ 4,357,424</u>

As of June 30, 2014, the City has an approximate 15.97% interest in current operations of the JOTL. The City's overall equity interest in the JOTL is approximately 14.73%. This equity interest is recorded in the Gas System Fund's statement of net position.

In March 1994, the Perry-Houston County Airport Authority (the "Airport Authority") was created by renaming the Perry-Fort Valley Airport Authority (H.B. No. 2027, Act No. 718 of the Georgia General Assembly). On May 17, 2004, H.B. No. 1684, Act No. 755 was passed by the Georgia General Assembly amending the membership requirements. Members of the Authority consist of the Mayor of the City of Perry and the Chairman of the Houston County Commissioners or their respective designee and five additional members appointed by City Council and County Commissioners. Appointment of a majority of the Airport Authority members alternates between the City of Perry and Houston County. Separate financial statements may be obtained from:

Perry-Houston County Airport Authority
P.O. Box 1572
Perry, Georgia 31069

NOTES TO FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURES (CONTINUED)

The City does not have an equity interest in the Perry-Houston County Airport Authority. The City has an ongoing financial interest due to the fact that the Airport Authority's continued operations at current levels depend on the City's financial support. For the fiscal year ended June 30, 2014, the City contributed \$44,600 relative to this support.

NOTE 16. RELATED ORGANIZATIONS

The Mayor of the City of Perry, Georgia is responsible for appointing the members of the Perry Housing Authority. The Perry Housing Authority has a six-member board with staggered terms. The City of Perry is also responsible for appointing board members to the Houston County Library Board. The City's accountability for these organizations does not extend beyond making the appointments.

NOTE 17. COMMITMENTS

As of June 30, 2014, the City has commitments relative to various construction projects as follows:

A Transportation Enhancement Grant awarded to the City by the Georgia Department of Transportation (DOT) in the original amount of \$400,000. During the fiscal year ended June 30, 2014, drawdowns of \$24,865 were made relative to this project. The City expended \$20,577 in capital outlays relative to this project.

A Transportation Enhancement Grant awarded to the City by the Georgia Department of Transportation (DOT) in the original amount of \$250,000. The City has a local match requirement of 20% of the project total cost. As of June 30, 2014, no funds have been drawn down or expended on this project.

The City of Perry is committed to fund its portion of operating expenses and capital outlay for the Jointly-Owned Transmission Line System. This cost is not determinable at this time.

NOTES TO FINANCIAL STATEMENTS

NOTE 18. NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets on the Government-wide statement of net position as of June 30, 2014 is as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 71,810,841	\$ 62,470,354
Less accumulated depreciation	(24,686,741)	(20,151,609)
Book value	47,124,100	42,318,745
Less all capital related debt	(1,802,764)	(16,995,604)
Net investment in capital assets	\$ 45,321,336	\$ 25,323,141

NOTE 19. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The City has determined that a restatement to beginning net position of governmental activities and a restatement of LMIG Program Fund liabilities and fund balance is required to reflect a correction of an error related to deferred revenue of LMIG funds as of July 1, 2013.

The City has determined that a restatement to beginning net position of the business-type activities and a restatement to the Water and Sewerage Fund assets, accrued interest and fund balance is required to reflect corrections of errors in the June 30, 2013 report. The errors are related to capital assets accounted for twice and an incorrect amount of accrued interest as of June 30, 2013.

The restatements noted above are as follows:

	Governmental Activities	LMIG Program Fund
Net Position June 30, 2013, as previously reported	\$ 49,516,278	\$ -
Recognition of deferred revenue in the prior period	126,235	126,235
Net Position June 30, 2013, as restated	\$ 49,642,513	\$ 126,235

	Business-Type Activities	Water and Sewerage System
Net Position June 30, 2013, as previously reported	\$ 32,428,644	\$ 28,505,226
Recognize accrued interest payable	(100,953)	(100,953)
Remove capital assets and related depreciation accounted for twice	(266,997)	(266,997)
Net Position June 30, 2013, as restated	\$ 32,060,694	\$ 28,137,276

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF PERRY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

**RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Value of Liabilities (B)	Unfunded / (Assets in Excess of) AAL (B) - (A)	Funded Ratio (A)/(B)	Covered Payroll (C)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll Employees {(B) - (A)}/(C)
1/1/2014	\$ 10,371,418	\$ 10,974,945	\$ 603,527	94.5%	-	N/A
1/1/2013	10,076,897	10,843,044	766,147	92.9%	-	N/A
1/1/2012	9,741,346	10,214,953	473,607	95.4%	4,548,325	10.4%

The assumptions used in the preparation of the above schedules are disclosed in Note 10 to the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF PERRY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Confiscated Assets Fund – This fund accounts for cash received from the sale of confiscated assets and confiscated assets that are no longer subject to court jurisdiction.

Hotel/Motel Tax Fund – This fund accounts for the Hotel/Motel taxes collected and expenditures related to tourism.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Projects Fund – This fund accounts for capital projects of the City that are not required to be reported in a separate fund.

Local Maintenance & Improvement Grant Program – This fund accounts for revenues received from the State of Georgia, Department of Transportation for road improvements.

SPLOST Construction Fund 2006 – This fund is used to account for the construction and improvements in accordance with the 2006 sales tax referendum.

TE Construction 2006 and 2001 Funds – These funds account for the activities related to the Transportation Enhancement Projects.

CITY OF PERRY, GEORGIA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Special Revenue Funds</u>		
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 46,060	\$ 122,671	\$ 168,731
Taxes receivable	-	93,911	93,911
Due from other governments	-	-	-
Due from other funds	-	2,495	2,495
	<u>-</u>	<u>2,495</u>	<u>2,495</u>
Total assets	<u>\$ 46,060</u>	<u>\$ 219,077</u>	<u>\$ 265,137</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 39,008	\$ 39,008
Accrued liabilities	-	2,148	2,148
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>41,156</u>	<u>41,156</u>
FUND BALANCES (DEFICIT)			
Restricted for:			
Public safety	46,060	-	46,060
Grantors and contributors	-	1,275	1,275
Capital outlay	-	-	-
Assigned:			
Culture and beautification	-	176,646	176,646
Capital outlay	-	-	-
Total fund balances	<u>46,060</u>	<u>177,921</u>	<u>223,981</u>
Total liabilities and fund balances	<u>\$ 46,060</u>	<u>\$ 219,077</u>	<u>\$ 265,137</u>

CITY OF PERRY, GEORGIA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

Capital Projects Funds						Total Nonmajor Governmental Funds
Capital Projects	LMIG Program	SPLOST Construction 2006	TE Construction 2006	TE Construction 2001	Total	
\$ 97,555	\$ -	\$ -	\$ -	\$ -	\$ 97,555	\$ 266,286
-	-	-	-	-	-	93,911
-	-	-	22,640	-	22,640	22,640
-	12,106	-	-	26,626	38,732	41,227
<u>\$ 97,555</u>	<u>\$ 12,106</u>	<u>\$ -</u>	<u>\$ 22,640</u>	<u>\$ 26,626</u>	<u>\$ 158,927</u>	<u>\$ 424,064</u>
\$ -	\$ -	\$ -	\$ 18,112	\$ -	\$ 18,112	\$ 57,120
-	-	-	-	-	-	2,148
70,892	12,106	-	240	-	83,238	83,238
70,892	12,106	-	18,352	-	101,350	142,506
-	-	-	-	-	-	46,060
-	-	-	-	-	-	1,275
-	-	-	4,288	26,626	30,914	30,914
-	-	-	-	-	-	176,646
26,663	-	-	-	-	26,663	26,663
26,663	-	-	4,288	26,626	57,577	281,558
<u>\$ 97,555</u>	<u>\$ 12,106</u>	<u>\$ -</u>	<u>\$ 22,640</u>	<u>\$ 26,626</u>	<u>\$ 158,927</u>	<u>\$ 424,064</u>

CITY OF PERRY, GEORGIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue Funds</u>		
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
Revenues:			
Hotel/motel taxes	\$ -	\$ 777,462	\$ 777,462
Fines and forfeitures	43,315	-	43,315
Intergovernmental	-	-	-
Interest revenue	45	65	110
Other revenues	-	232,697	232,697
Total revenues	<u>43,360</u>	<u>1,010,224</u>	<u>1,053,584</u>
Expenditures:			
General government	-	851,200	851,200
Public safety	20,570	-	20,570
Capital outlay	-	-	-
Debt service:			
Principal	-	100,000	100,000
Interest and other charges	-	3,640	3,640
Total expenditures	<u>20,570</u>	<u>954,840</u>	<u>975,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,790</u>	<u>55,384</u>	<u>78,174</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22,790	55,384	78,174
Fund balances, beginning of year, as restated	<u>23,270</u>	<u>122,537</u>	<u>145,807</u>
Fund balances, end of year	<u>\$ 46,060</u>	<u>\$ 177,921</u>	<u>\$ 223,981</u>

CITY OF PERRY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Capital Project Funds						Total Nonmajor Governmental Funds
Capital Projects	LMIG Program	SPLOST Construction 2006	TE Construction 2006	TE Construction 2001	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 777,462
-	-	-	-	-	-	43,315
-	132,679	-	24,865	-	157,544	157,544
46	51	83	-	27	207	317
-	-	-	-	-	-	232,697
<u>46</u>	<u>132,730</u>	<u>83</u>	<u>24,865</u>	<u>27</u>	<u>157,751</u>	<u>1,211,335</u>
-	-	-	-	-	-	851,200
-	-	-	-	-	-	20,570
30,718	258,965	222,446	20,577	-	532,706	532,706
-	-	-	-	-	-	100,000
-	-	-	-	-	-	3,640
<u>30,718</u>	<u>258,965</u>	<u>222,446</u>	<u>20,577</u>	<u>-</u>	<u>532,706</u>	<u>1,508,116</u>
<u>(30,672)</u>	<u>(126,235)</u>	<u>(222,363)</u>	<u>4,288</u>	<u>27</u>	<u>(374,955)</u>	<u>(296,781)</u>
77,735	-	-	-	-	77,735	77,735
(32,400)	-	-	-	-	(32,400)	(32,400)
<u>45,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,335</u>	<u>45,335</u>
14,663	(126,235)	(222,363)	4,288	27	(329,620)	(251,446)
<u>12,000</u>	<u>126,235</u>	<u>222,363</u>	<u>-</u>	<u>26,599</u>	<u>387,197</u>	<u>533,004</u>
<u>\$ 26,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,288</u>	<u>\$ 26,626</u>	<u>\$ 57,577</u>	<u>\$ 281,558</u>

CITY OF PERRY, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 43,300	\$ 43,315	\$ 15
Interest revenue	-	45	45
Total revenues	<u>43,300</u>	<u>43,360</u>	<u>60</u>
EXPENDITURES			
Current:			
Public safety	<u>20,600</u>	<u>20,570</u>	<u>30</u>
Total expenditures	<u>20,600</u>	<u>20,570</u>	<u>30</u>
Excess of revenues over expenditures	<u>22,700</u>	<u>22,790</u>	<u>90</u>
FUND BALANCES, beginning of year	<u>23,270</u>	<u>23,270</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 45,970</u>	<u>\$ 46,060</u>	<u>\$ 90</u>

CITY OF PERRY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Taxes	\$ 777,400	\$ 777,462	\$ 62
Interest	-	65	65
Other revenues	232,500	232,697	197
Total revenues	<u>1,009,900</u>	<u>1,010,224</u>	<u>324</u>
EXPENDITURES			
Current:			
General government	851,800	851,200	600
Debt service:			
Principal	100,000	100,000	-
Interest	3,700	3,640	60
Total expenditures	<u>955,500</u>	<u>954,840</u>	<u>660</u>
Excess of revenues over expenditures	<u>54,400</u>	<u>55,384</u>	<u>984</u>
FUND BALANCES, beginning of year	<u>122,537</u>	<u>122,537</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 176,937</u>	<u>\$ 177,921</u>	<u>\$ 984</u>

CITY OF PERRY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<u>Police Pre-Confiscation Assets Fund</u>				
ASSETS				
Cash	\$ <u>46,131</u>	\$ <u>15,374</u>	\$ <u>58,646</u>	\$ <u>2,859</u>
LIABILITIES				
Payable from assets				
Confiscated assets pending disposition	\$ <u>46,131</u>	\$ <u>15,374</u>	\$ <u>58,646</u>	\$ <u>2,859</u>

**CITY OF PERRY, GEORGIA
PERRY INDUSTRIAL BUILDING AUTHORITY**

**BALANCE SHEET
JUNE 30, 2014**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 237,147
Total Assets	<u>\$ 237,147</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	\$ -
Total Liabilities	<u>-</u>
Fund Balance:	
Unassigned	<u>237,147</u>
Total Fund Balance	<u>237,147</u>
Total Liabilities and Fund Balance	<u>\$ 237,147</u>

**CITY OF PERRY, GEORGIA
PERRY INDUSTRIAL BUILDING AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>
<u>REVENUES</u>	
Interest earnings	\$ 703
Total revenues	<u>703</u>
<u>EXPENDITURES</u>	
Current:	
General government	<u>-</u>
Total expenditures	<u>-</u>
Net change in fund balance	703
FUND BALANCE, beginning of year	<u>236,444</u>
FUND BALANCE, end of year	<u><u>\$ 237,147</u></u>

CITY OF PERRY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2006 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Road, Street and Bridge and Sidewalk Projects	\$ 1,500,000	\$ 1,456,014	\$ 5,070	\$ 1,461,084
Public Safety Facilities	1,100,000	1,077,122	-	1,077,122
Water and Sewer System Improvements	2,500,000	2,280,601	217,376	2,497,977
Recreation Facilities and Equipment	400,000	391,679	-	391,679
	<u>\$ 5,500,000</u>	<u>5,205,416</u>	<u>222,446</u>	<u>5,427,862</u>

CITY OF PERRY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2012 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Road, Street and Bridge and Sidewalk Projects	\$ 3,000,000	\$ 2,732	\$ 503,336	\$ 506,068
Public Safety Facilities and Equipment	1,800,000	-	-	-
Facilities		271,762	93,842	365,604
Equipment		-	-	-
Water and Sewer System Improvements and Debt Retirement	4,100,000	248,588	821,164	1,069,752
Recreation Facilities and Equipment	900,000	12,984	36,110	49,094
	<u>\$ 9,800,000</u>	<u>\$ 536,066</u>	<u>\$ 1,454,452</u>	<u>\$ 1,990,518</u>

STATISTICAL SECTION

**CITY OF PERRY, GEORGIA
STATISTICAL SECTION**

This part of the City of Perry's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	77 - 84
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	85 - 91
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.</i>	
Debt Capacity	92 - 96
<i>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.</i>	
Demographic and Economic Information	97 - 100
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	101 - 102
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PERRY, GEORGIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 22,831,902	\$ 20,177,671	\$ 21,101,737	\$ 24,520,365	\$ 39,638,909	\$ 40,372,191	\$ 41,158,197	\$ 43,486,281	\$ 46,096,524	\$ 45,321,336
Restricted	-	-	69,207	522,379	617,583	1,250,369	1,782,171	2,018,810	902,235	432,514
Unrestricted	2,562,389	3,217,689	3,496,938	2,796,782	2,232,820	1,107,129	1,382,365	2,202,263	2,517,519	3,702,452
Total governmental activities net assets	\$ 25,394,291	\$ 23,395,360	\$ 24,667,882	\$ 27,839,526	\$ 42,489,312	\$ 42,729,689	\$ 44,322,733	\$ 47,707,354	\$ 49,516,278	\$ 49,456,302
Business-type activities										
Invested in capital assets, net of related debt	\$ 9,379,934	\$ 9,887,570	\$ 11,245,295	\$ 14,956,655	\$ 23,957,133	\$ 24,782,664	\$ 26,112,142	\$ 27,206,012	\$ 22,842,720	\$ 25,323,141
Restricted	842,004	947,450	1,020,843	1,530,836	1,297,318	1,401,716	1,572,771	1,705,382	5,881,479	5,136,797
Unrestricted	1,401,840	1,517,544	2,053,888	2,207,294	1,136,503	1,508,631	2,497,698	2,750,048	3,704,445	3,684,043
Total business-type activities net assets	\$ 11,623,778	\$ 12,352,564	\$ 14,320,026	\$ 18,694,785	\$ 26,390,954	\$ 27,693,011	\$ 30,182,611	\$ 31,661,442	\$ 32,428,644	\$ 34,143,981
Primary government										
Invested in capital assets, net of related debt	\$ 32,211,836	\$ 30,065,241	\$ 32,347,032	\$ 39,477,020	\$ 63,596,042	\$ 65,154,855	\$ 67,270,339	\$ 70,692,293	\$ 68,939,244	\$ 70,644,477
Restricted	842,004	947,450	1,090,050	2,053,215	1,914,901	2,652,085	3,354,942	3,724,192	6,783,714	5,569,311
Unrestricted	3,964,229	3,217,689	5,550,826	5,004,076	3,369,323	2,615,760	3,880,063	4,952,311	6,221,964	7,386,495
Total primary government net assets	\$ 37,018,069	\$ 34,230,380	\$ 38,987,908	\$ 46,534,311	\$ 68,880,266	\$ 70,422,700	\$ 74,505,344	\$ 79,368,796	\$ 81,944,922	\$ 83,600,283

Notes: In fiscal year 2009 capital assets for governmental and business-type activities increased due to the City's acceptance of donated infrastructure from developers.

CITY OF PERRY, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 2,786,595	\$ 3,020,811	\$ 3,830,972	\$ 4,782,640	\$ 5,005,881	\$ 4,909,398	\$ 5,400,595	\$ 5,727,426	\$ 5,268,547	\$ 5,361,965
Fire	841,229	-	-	-	-	-	-	-	-	-
Law enforcement	2,529,471	-	-	-	-	-	-	-	-	-
Public safety	-	3,580,667	4,101,653	4,521,696	4,948,762	4,668,275	4,822,567	4,664,379	5,117,980	5,344,131
Public works	1,078,384	1,993,266	2,022,636	3,058,101	3,502,393	3,077,136	2,938,046	3,696,463	4,059,039	3,420,399
Recreation	504,217	547,300	600,695	604,578	762,759	1,214,175	754,375	628,819	591,901	673,069
Housing and Development	-	-	-	-	-	-	-	98,417	92,998	164,912
Interest on long-term debt	30,016	33,942	43,377	38,424	30,390	24,206	26,979	24,824	18,431	25,337
Depreciation-unallocated	711,729	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	8,481,641	9,175,986	10,599,333	13,005,439	14,250,185	13,893,190	13,942,562	14,840,328	15,148,896	14,989,813
Business-type activities:										
Water and sewerage system	3,035,856	3,416,440	3,723,435	4,289,140	4,711,813	4,435,805	4,726,726	5,318,365	5,776,214	5,185,739
Storm Water Utility	-	-	-	-	-	-	-	-	29,818	110,590
Gas system	4,146,531	5,006,767	3,606,156	4,136,258	4,045,331	3,288,164	3,018,220	2,553,870	2,993,365	3,368,442
Solid Waste	741,258	758,342	923,453	1,070,990	1,113,804	1,032,283	1,095,164	1,053,980	1,151,240	1,096,567
Revolving Loan Fund	-	-	-	-	-	-	1,505	764	2,631	3,117
Total business-type activities expense	7,923,645	9,181,549	8,253,044	9,496,388	9,870,948	8,756,252	8,841,615	8,926,979	9,953,268	9,764,455
Total primary government expenses	\$ 16,405,286	\$ 18,357,535	\$ 18,852,377	\$ 22,501,827	\$ 24,121,133	\$ 22,649,442	\$ 22,784,177	\$ 23,767,307	\$ 25,102,164	\$ 24,754,268
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 785,134	\$ 949,719	\$ 1,979,950	\$ 2,280,826	\$ 2,824,202	\$ 2,576,860	\$ 2,977,195	\$ 3,341,070	\$ 3,413,900	\$ 2,622,425
Public safety	581,416	645,073	1,167,014	843,957	668,410	832,034	745,912	679,303	567,396	608,906
Public works	191,115	158,649	7,668	20,733	28,864	36,589	727,413	12,748	-	91,613
Recreation	74,829	78,698	79,348	52,798	59,982	71,595	84,496	79,323	80,223	274,263
Housing & Development	-	-	-	-	-	-	-	-	-	212,096
Operating grants and contributions	30,186	213,682	-	-	39,611	59,660	353,326	511,899	250,710	27,094
Capital grants and contributions	5,000	295,049	486,254	4,217,924	12,888,756	2,362,756	1,874,479	4,330,530	3,587,628	1,475,645
Total governmental activities program revenues	1,667,680	2,340,870	3,720,234	7,416,238	16,509,825	5,939,494	6,762,821	8,954,873	7,899,857	5,312,042

CITY OF PERRY, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water and sewerage	3,438,578	4,164,438	4,690,505	4,015,826	3,840,234	4,748,904	5,503,160	5,381,152	5,294,439	5,439,779
Storm Water Utility	-	-	-	-	-	-	-	-	80,474	204,290
Gas	4,155,094	4,932,443	4,355,278	4,582,797	4,198,216	3,865,318	3,553,258	2,777,812	3,538,054	4,065,207
Solid waste	751,487	828,672	943,459	970,881	1,108,597	1,150,433	1,114,365	1,128,539	1,200,899	1,214,302
Revolving Loan fund	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	76,228	37,462	-	-
Capital grants and contributions	-	-	190,032	4,145,450	8,430,059	365,288	1,347,008	1,500,298	1,000,465	1,152,368
Total business-type activities program revenues	8,345,159	9,925,553	10,179,274	13,714,954	17,577,106	10,129,943	11,594,019	10,825,263	11,114,331	12,075,946
Total primary government program revenues	\$10,012,839	\$12,266,423	\$13,899,508	\$21,131,192	\$34,086,931	\$16,069,437	\$18,356,840	\$19,780,136	\$19,014,188	\$17,387,988
Net (Expenses)/Revenue										
Governmental activities	\$ (6,813,961)	\$ (6,835,116)	\$ (6,879,099)	\$ (5,589,201)	\$ 2,259,640	\$ (7,953,696)	\$ (7,179,741)	\$ (5,885,456)	\$ (7,249,039)	\$ (9,650,211)
Business-type activities	421,514	744,004	1,926,230	4,218,566	7,706,158	1,373,691	2,752,404	1,898,284	1,161,063	2,311,491
Total primary government net (expense)/revenue	\$ (6,392,447)	\$ (6,091,112)	\$ (4,952,869)	\$ (1,370,635)	\$ 9,965,798	\$ (6,580,005)	\$ (4,427,337)	\$ (3,987,172)	\$ (6,087,976)	\$ (7,338,720)
General Revenue and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 3,511,302	\$ 3,765,951	\$ 4,420,608	\$ 5,018,453	\$ 5,388,329	\$ 5,553,366	\$ 5,858,558	\$ 6,003,452	\$ 6,022,167	\$ 6,261,530
Sales taxes	652,045	786,583	925,377	915,829	-	-	-	-	-	-
Occupational taxes	114,982	122,273	126,372	135,256	136,652	130,721	159,777	172,437	186,884	179,117
Franchise taxes	788,386	770,168	787,041	868,100	940,461	898,714	963,109	1,016,175	974,874	1,035,669
Insurance premium taxes	446,989	480,902	503,143	524,835	537,407	532,365	516,893	649,107	689,460	713,871
Hotel motel taxes	665,560	684,496	680,236	744,570	661,485	676,347	720,652	711,283	723,017	777,462
Alcoholic beverage taxes	259,068	254,392	256,111	263,447	266,795	255,007	245,627	257,945	261,496	259,529
Grants and contributions not restricted	230,287	12,554	-	-	-	-	-	-	-	-
Interest revenue	46,200	96,784	116,545	115,489	30,823	9,426	6,269	6,067	5,148	5,881
Miscellaneous	281,005	248,910	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	15,114	437,522	-	-	-	-	-	-	-
Transfers	27,459	98,275	124,513	174,866	172,434	138,127	301,900	453,611	194,917	258,501
Total governmental activities	7,132,450	4,836,185	8,377,468	8,760,845	8,134,386	8,194,073	8,772,785	9,270,077	9,057,963	9,491,560

CITY OF PERRY, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Grants and contributions not restrict	36,691	-	-	-	-	-	-	-	-	-
Interest revenue	53,147	78,979	107,845	331,059	162,445	66,493	39,096	34,158	16,213	30,297
Miscellaneous	12,258	4,078	-	-	-	-	-	-	-	-
Transfers	(27,459)	(98,275)	(124,513)	(174,866)	(172,434)	(138,127)	(301,900)	(453,611)	(194,917)	(258,501)
Total business-type activities	74,637	(15,218)	(16,668)	156,193	(9,989)	(71,634)	(262,804)	(419,453)	(178,704)	(228,204)
Total primary government	\$ 7,207,087	\$ 4,820,967	\$ 8,360,800	\$ 8,917,038	\$ 8,124,397	\$ 8,122,439	\$ 8,509,981	\$ 8,850,624	\$ 8,879,259	\$ 9,263,356
Change in Net Assets										
Governmental activities	\$ 318,489	\$ (1,998,931)	\$ 1,498,369	\$ 3,171,644	\$ 10,394,026	\$ 240,377	\$ 1,593,044	\$ 3,384,621	\$ 1,808,924	\$ (186,211)
Business-type activities	496,151	728,786	1,909,562	4,374,759	7,696,169	1,302,057	2,489,600	1,478,831	982,359	2,083,287
Total primary government	\$ 814,640	\$ (1,270,145)	\$ 3,407,931	\$ 7,546,403	\$ 18,090,195	\$ 1,542,434	\$ 4,082,644	\$ 4,863,452	\$ 2,791,283	\$ 1,897,076

Notes: In fiscal year 2006, the City combined fire and law enforcement into one function/program, public safety.
In fiscal year 2009, grants and contributions increased for governmental and business-type activities due to the City's acceptance of donated infrastructure from developers.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenue.

CITY OF PERRY, GEORGIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 789,362	\$ 1,418,164	\$ 2,155,620	\$ 2,456,921	\$ 2,888,938	\$ 2,576,860	\$ 3,330,499	\$ 4,009,325	\$ 4,066,703	\$ 4,098,070
Law enforcement	599,520	-	-	-	-	-	-	-	-	-
Public safety	-	664,887	1,319,266	889,272	955,828	1,165,993	1,018,400	901,757	1,287,121	617,770
Public works	198,912	179,121	150,310	3,940,097	12,458,044	2,003,189	2,212,991	3,822,039	2,403,338	91,613
Recreation	79,886	78,698	95,038	129,948	207,015	193,452	200,931	221,752	142,695	292,493
Housing & Development	-	-	-	-	-	-	-	-	-	212,096
Subtotal governmental activities	1,667,680	2,340,870	3,720,234	7,416,238	16,509,825	5,939,494	6,762,821	8,954,873	7,899,857	5,312,042
Business-type activities:										
Water and Sewerage system	3,438,578	4,164,438	4,880,537	8,161,276	12,270,293	5,114,192	6,850,168	6,881,450	6,256,924	6,534,147
Storm Water Utility	-	-	-	-	-	-	-	-	117,974	204,290
Gas system	4,155,094	4,932,443	4,355,278	4,582,797	4,198,216	3,865,318	3,565,558	2,780,202	3,538,534	4,123,207
Solid Waste	751,487	828,672	943,459	970,881	1,108,597	1,150,433	1,114,365	1,128,539	1,200,899	1,214,302
Revolving Loan Fund	-	-	-	-	-	-	63,928	35,072	-	-
Subtotal business-type activities	8,345,159	9,925,553	10,179,274	13,714,954	17,577,106	10,129,943	11,594,019	10,825,263	11,114,331	12,075,946
Total primary government	\$ 10,012,839	\$ 12,266,423	\$ 13,899,508	\$ 21,131,192	\$ 34,086,931	\$ 16,069,437	\$ 18,356,840	\$ 19,780,136	\$ 19,014,188	\$ 17,387,988

Notes: In fiscal year 2006, the City combined fire and law enforcement into one function/program, public safety, on the statement of activities.
In fiscal year 2009, public works and water and sewerage system includes contributions from developers accepted by the City.
In fiscal year 2010, development in the City of Perry slowed down dramatically.
In fiscal year 2011, the City received a grant from GEFA for a revolving loan fund.
In fiscal year 2012, the City created a housing and development department for economic development.
In fiscal year 2013, the City created a Stormwater Utility Fund.

CITY OF PERRY, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 37,731	\$ 31,208	\$ 44,799	\$ 40,427	\$ 32,629	\$ 21,165	\$ -	\$ -	\$ -	\$ -
Unreserved	2,397,224	2,797,089	3,446,767	3,210,623	2,257,538	1,787,001	-	-	-	-
Nonspendable	-	-	-	-	-	-	27,462	22,224	22,324	5,626
Restricted	-	-	-	-	-	-	49,986	135,262	127,082	-
Assigned	-	-	-	-	-	-	367,338	429,994	1,013,702	1,559,087
Unassigned	-	-	-	-	-	-	1,788,898	2,330,679	2,005,129	2,499,916
Total General Fund	\$ 2,434,955	\$ 2,828,297	\$ 3,491,566	\$ 3,251,050	\$ 2,290,167	\$ 1,808,166	\$ 2,233,684	\$ 2,918,159	\$ 3,168,237	\$ 4,064,629
All Other Governmental Funds										
Reserved	\$ 45,997	\$ 48,098	\$ 24,408	\$ 413,827	\$ 584,954	\$ 1,229,204	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special Revenue Funds	61,972	67,312	432,139	32,602	41,342	(13,504)	-	-	-	-
Capital Projects Funds	12,464	333,403	(276,631)	(303,850)	-	-	-	-	-	-
Debt Service Fund	59,481	62,896	64,657	68,125	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	1,732,185	1,883,548	775,153	433,789
Assigned	-	-	-	-	-	-	40,703	93,633	122,867	203,309
Total all other governmental funds	\$ 179,914	\$ 511,709	\$ 244,573	\$ 210,704	\$ 626,296	\$ 1,215,700	\$ 1,772,888	\$ 1,977,181	\$ 898,020	\$ 637,098

Notes: In 2007, the General Fund unreserved fund balance increase was due to additional property tax revenues received due to reassessments.
In 2007, the Special Revenue fund balance increase was due to increased fines and forfeitures received from major case being solved.
Deficit in Capital Projects fund balance resulted from expenditures incurred prior to receipt of 06 SPLOST funds.
In 2009, the debt service fund was closed.
The City implemented GASB 54 during 2011, prior years have not been restated.

CITY OF PERRY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 3,440,818	\$ 3,827,785	\$ 4,465,123	\$ 4,953,388	\$ 5,292,733	\$ 5,633,582	\$ 5,941,516	\$ 5,958,216	\$ 6,059,085	\$ 6,246,778
Sales taxes	-	-	925,377	915,829	-	-	-	-	-	-
Other taxes	2,274,985	2,312,231	2,352,903	2,536,208	2,542,800	2,493,154	2,606,058	2,806,947	2,835,731	2,965,648
Licenses and permits	219,697	407,822	482,776	348,795	208,075	232,539	182,226	248,058	246,401	256,696
Impact fees	-	-	-	-	-	59,534	46,200	64,273	34,348	-
Charges for services	440,698	463,399	804,398	1,311,747	1,637,319	1,413,291	1,588,335	1,497,634	1,980,238	1,876,053
Administrative	397,546	329,417	377,926	369,646	629,966	407,827	476,623	493,474	531,459	722,681
Intergovernmental	861,250	1,108,449	473,520	604,118	1,713,841	1,399,561	2,072,920	2,262,764	3,293,411	1,484,509
Contributions from private sources	10,191	12,554	12,734	41,532	98,183	48,022	49,757	33,321	23,755	18,230
Fines and forfeitures	474,572	515,913	1,045,739	660,217	515,697	655,688	582,025	486,462	399,543	546,846
Investment earnings	46,200	96,784	116,545	115,489	30,823	9,426	7,127	7,888	6,583	5,881
Other revenues	376,896	361,604	523,140	489,730	590,401	536,518	946,235	1,315,754	869,530	407,027
Total revenues	8,542,853	9,435,958	11,580,181	12,346,699	13,259,838	12,889,142	14,499,022	15,174,791	16,280,084	14,530,349
Expenditures										
General government	2,617,844	2,897,604	3,698,682	4,302,030	4,881,075	4,850,229	4,113,182	4,703,862	5,325,293	4,789,974
Fire	728,832	-	-	-	-	-	-	-	-	-
Law Enforcement	2,280,288	-	-	-	-	-	-	-	-	-
Public Safety	-	3,301,474	3,834,182	4,251,243	4,746,345	4,401,840	4,758,653	4,598,028	4,842,018	5,271,581
Public Works	1,038,822	1,175,482	1,303,550	1,873,886	2,424,146	1,930,565	2,567,801	3,042,621	2,750,883	2,210,614
Recreation	395,868	458,311	508,089	508,473	667,007	1,117,245	672,863	626,369	457,770	556,432
Housing & Development	-	-	-	-	-	-	-	-	-	126,356
Debt service										
Principal	374,128	354,017	363,285	391,033	449,827	343,427	379,709	326,848	436,281	535,743
Interest	37,384	30,162	43,377	38,424	30,390	21,382	20,357	25,678	25,461	22,923
Capital outlay	1,363,244	1,251,678	2,157,499	1,836,662	1,011,443	784,545	1,710,093	1,871,249	4,123,862	1,960,218
Miscellaneous	1,272	-	16,211	12,549	-	-	-	-	-	-
Total expenditures	8,837,682	9,468,728	11,924,875	13,214,300	14,210,233	13,449,233	14,222,658	15,194,655	17,961,568	15,473,841
Excess (deficiency) of revenues over expenditures	(294,829)	(32,770)	(344,694)	(867,601)	(950,395)	(560,091)	276,364	(19,864)	(1,681,484)	(943,492)

CITY OF PERRY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Transfers from other funds	\$ 213,002	\$ 253,618	\$ 372,811	\$ 567,338	\$ 441,767	\$ 430,262	\$ 317,264	\$ 501,294	\$ 325,380	\$ 290,901
Transfers to other funds	(185,543)	(155,343)	(248,298)	(392,472)	(269,333)	(292,135)	(15,364)	(47,683)	(130,463)	(32,400)
Sale of capital assets	85,023	15,125	635,070	13,760	16,475	10,260	15,168	26,390	26,823	11,444
Capital leases	185,191	644,507	207,091	404,590	216,195	19,107	389,275	428,631	630,661	1,182,782
Issuance of debt	-	-	-	-	-	500,000	-	-	-	-
Total other financing sources (uses)	297,673	757,907	966,674	593,216	405,104	667,494	706,343	908,632	852,401	1,452,727
Net change in fund balances	\$ 2,844	\$ 725,137	\$ 621,980	\$ (274,385)	\$ (545,291)	\$ 107,403	\$ 982,707	\$ 888,768	\$ (829,083)	\$ 509,235
Debt service as a percentage of noncapital expenditures	5.5%	4.7%	4.2%	3.77%	3.64%	2.88%	3.20%	2.65%	3.34%	4.13%

CITY OF PERRY, GEORGIA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Tax Revenues							
	General Property	Franchise	Insurance Premium	Occupational	Alcoholic Beverage	Hotel/Motel	Sales Tax	Total
2005	\$ 3,440,818	\$ 788,386	\$ 446,989	\$ 114,982	\$ 259,068	\$ 665,560	\$ 652,045	\$ 6,367,848
2006	3,827,785	770,168	480,902	122,273	254,392	684,496	786,583	6,926,599
2007	4,465,123	787,041	503,143	126,372	256,111	680,236	925,377	7,743,403
2008	4,953,388	868,100	524,835	135,256	263,447	744,570	915,829	8,405,425
2009	5,292,733	940,461	537,406	136,652	266,795	661,485	-	7,835,532
2010	5,633,582	898,714	532,365	130,721	255,007	676,347	-	8,126,736
2011	5,941,516	963,109	516,863	159,777	245,627	720,652	-	8,547,544
2012	5,958,216	1,016,175	649,107	172,437	257,945	711,283	-	8,765,163
2013	6,059,085	974,874	689,460	186,884	261,496	723,017	-	8,894,816
2014	6,246,778	1,035,669	713,871	179,117	259,529	777,462	-	9,212,426
Change 2005-2014	81.5%	31.4%	59.7%	55.8%	0.2%	16.8%	-100.0%	44.7%

Notes: Property tax increase due to reassessments.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenues.

CITY OF PERRY, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	\$ 200,156,129	\$ 58,897,388	\$ 6,449,156	\$ 252,604,361	14.34	\$ 647,633,793	39.004%
2006	208,865,890	59,090,357	13,912,759	254,043,488	14.33	669,890,617	37.923%
2007	269,436,514	67,734,337	11,471,386	325,699,465	13.05	842,927,128	38.639%
2008	306,613,840	78,560,801	12,518,981	372,655,660	13.01	962,936,603	38.700%
2009	338,403,541	80,328,285	12,700,789	406,031,037	13.01	1,046,829,565	38.787%
2010	352,257,662	77,828,489	17,061,821	413,024,330	13.01	1,075,215,378	38.413%
2011	350,456,427	76,679,917	18,216,629	408,919,715	13.81	1,067,840,860	38.294%
2012	345,088,679	87,961,380	22,187,782	410,862,277	14.13	1,082,625,148	37.951%
2013	349,547,799	87,818,594	20,882,818	416,483,574	14.13	1,093,415,981	38.090%
2014	339,209,653	87,493,518	18,134,196	408,568,975	14.08	1,066,757,927	38.300%

Source: Based on information obtained from Houston County Tax Assessor's Office.

Notes: Property in the City is reassessed once every five years on average. The City assesses property at 40 percent of actual value for commercial, industrial and residential property.

CITY OF PERRY, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Houston County	School System	
2005	14.34	0.00	14.34	0.25	9.28	13.63	37.50
2006	14.33	0.00	14.33	0.25	9.82	13.48	37.88
2007	13.05	0.00	13.05	0.25	9.32	12.50	35.12
2008	13.01	0.00	13.01	0.25	9.45	12.47	35.18
2009	13.01	0.00	13.01	0.25	9.45	12.47	35.18
2010	13.01	0.00	13.01	0.25	10.45	13.34	37.05
2011	13.81	0.00	13.81	0.25	9.95	13.34	37.35
2012	14.13	0.00	14.13	0.25	9.95	13.34	37.94
2013	14.13	0.00	14.13	0.20	9.95	13.34	37.62
2014	14.08	0.00	14.08	0.15	9.95	13.34	37.52

Source: Houston County Tax Commissioner's Office

Notes: The City's basic property tax rate is established by the City Council each year in July. The overlapping rates are those of State and County governments that apply to property owners within the City.

**CITY OF PERRY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2005			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Graphic Packaging, Inc	\$ 13,270,209	1	5.25%	\$ 16,452,513	1	4.027%
Tolleson Lumber Co	6,445,248	2	2.55%	3,767,145	5	0.922%
Alltel GA Communications	4,922,087	3	1.95%	-		0.000%
Excel Realty Trust, Inc	3,088,184	4	1.22%	-		0.000%
American Real Estate Investments	3,955,040	5	1.57%	-		0.000%
HT Perry WM, LLC	2,982,480	6	1.18%	-		0.000%
Woodland Property Partners Inc	2,913,920	7	1.15%	-		0.000%
Wal-Mart	2,438,457	8	0.97%	-		0.000%
North Hampton Development	2,428,880	9	0.96%	-		0.000%
Georgia Power Company	2,360,943	10	0.93%	4,329,124	4	1.060%
Houston Lake Apartments, LLC	-		0.00%	7,046,560	2	1.725%
Guardian Centers of Georgia	-		0.00%	6,287,155	3	1.539%
Strawser Construction Company	-		0.00%	3,569,687	6	0.874%
Valley Drive Development LLC	-		0.00%	3,418,972	7	0.837%
Advanced Drainage Systems Inc	-		0.00%	3,314,595	8	0.811%
Galileo Apollo IV Sub LLC	-		0.00%	2,995,135	9	0.733%
Perry WMSC LLC	-		0.00%	2,979,880	10	0.729%
Total	\$ 44,805,448		12.48%	\$ 54,160,766		9.23%

Source: Based on information obtained from the Houston County Tax Assessor's Office.

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

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 3,387,802	\$ 3,319,988	98.00%	\$ 23,014	\$ 3,343,002	98.68%
2006	3,839,605	3,828,157	99.70%	10,547	3,838,704	99.98%
2007	4,250,908	4,209,774	99.03%	21,277	4,231,051	99.53%
2008	4,902,917	4,768,840	97.27%	55,039	4,823,879	98.39%
2009	5,282,265	5,054,162	95.68%	124,985	5,179,147	98.05%
2010	5,458,340	5,244,733	96.09%	178,526	5,423,259	99.36%
2011	5,673,974	5,645,733	99.50%	28,241	5,673,974	100.00%
2012	5,886,680	5,736,280	97.45%	11,427	5,747,707	97.64%
2013	5,965,028	5,814,628	97.48%	114,053	5,928,681	99.39%
2014	5,853,182	5,779,232	98.74%	65,216	5,844,448	99.85%

Source: Based on information obtained from the Houston County Tax Assessors' Office.

**CITY OF PERRY, GEORGIA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Food/Bar	\$ 4,008,971	\$ 4,803,632	\$ 4,895,056	\$ 5,461,198	\$ 4,727,703	\$ 3,965,041	\$ 3,683,588	\$ 3,845,547	\$ 4,001,399	\$ 4,177,376
Apparel	384,512	395,314	423,596	474,055	495,419	235,240	-	-	-	-
General Merchandise	3,303,606	3,664,725	3,606,384	3,898,290	3,825,492	3,972,158	3,682,705	3,672,160	3,674,175	3,659,551
Accommodations	-	-	-	-	-	211,664	268,864	282,642	262,637	238,501
Automotive	3,333,644	3,351,086	2,942,864	3,230,691	3,755,849	2,803,430	2,640,637	2,839,526	2,385,052	500,137
Home	973,690	1,012,129	895,746	991,129	988,571	402,067	-	-	-	-
Home Furnishings	-	-	-	-	-	1,218,091	1,734,592	1,641,700	1,556,730	1,711,997
Lumber	1,995,345	2,317,922	1,912,085	2,068,930	1,605,587	537,436	-	-	-	-
Construction	-	-	-	-	-	61,701	92,418	47,097	97,736	108,684
Miscellaneous Service	738,168	825,695	811,950	887,104	947,422	1,708,119	1,320,676	1,327,266	1,367,688	1,453,489
Manufacturers	578,959	667,972	600,161	637,046	714,017	931,572	1,098,305	1,220,506	968,689	969,150
Utilities	2,107,551	2,211,689	2,156,136	2,326,061	2,636,011	2,380,863	1,945,292	1,867,826	1,848,610	1,894,010
Wholesale	-	-	-	-	-	878,678	1,618,654	1,967,526	2,083,892	2,188,118
Miscellaneous Other-Retail	1,318,361	1,551,123	1,458,975	1,591,049	1,449,586	1,793,066	3,337,212	3,603,710	3,900,181	3,942,872
Total	<u>\$ 18,742,807</u>	<u>\$ 20,801,287</u>	<u>\$ 19,702,953</u>	<u>\$ 21,565,553</u>	<u>\$ 21,145,657</u>	<u>\$ 21,099,126</u>	<u>\$ 21,422,943</u>	<u>\$ 22,315,505</u>	<u>\$ 22,146,787</u>	<u>\$ 20,843,885</u>

Source: Georgia Dept of Revenue, Local Government Services Division

Notes: Since the City of Perry does not have sales tax, all sales tax reported to the Georgia Department of Revenue is accumulated by commodity as Houston County. The above numbers are taken from commodity reports issued by the Georgia Department of Revenue for Houston County and represents the county as a whole.

Category reporting format changed in May 2010.

CITY OF PERRY, GEORGIA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Houston County</u>
2005	0.00%	7.00%
2006	0.00%	7.00%
2007	0.00%	7.00%
2008	0.00%	7.00%
2009	0.00%	7.00%
2010	0.00%	7.00%
2011	0.00%	7.00%
2012	0.00%	7.00%
2013	0.00%	7.00%
2014	0.00%	7.00%

Source: Local sales tax is imposed countywide (Houston County).
Notes: In 2001 the citizens voted to imposed a 1% SPLOST. A portion of this 1% is shared by all the cities in Houston County.

CITY OF PERRY, GEORGIA
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Participation	Capital Leases	Note Payable	Water/Sewer Revenue Bonds	Water/Sewer Georgia Revolving Loan	Capital Leases			
2005	\$ -	\$ 430,000	\$ 430,095	\$ -	\$ 8,170,000	\$ 1,258,393	\$ 900,786	\$ 11,189,274	2.82%	804
2006	-	330,000	820,585	-	7,875,000	1,133,849	661,715	10,821,149	3.30%	988
2007	-	225,000	769,391	-	7,570,000	1,003,350	711,584	10,279,325	4.15%	1,301
2008	-	115,000	892,948	-	16,695,000	867,225	3,714,177	22,284,350	2.03%	651
2009	-	-	774,316	-	13,360,000	758,836	3,162,988	18,056,140	2.49%	782
2010	-	-	449,996	500,000	15,960,000	680,849	2,717,549	20,308,394	2.43%	826
2011	-	-	559,562	400,000	15,570,000	599,786	2,558,923	19,688,271	2.13%	705
2012	-	-	761,345	300,000	15,160,000	515,529	2,232,374	18,969,248	2.24%	749
2013	-	-	1,055,725	200,000	15,124,000	427,951	2,172,918	18,980,594	2.49%	862
2014	-	-	1,802,764	100,000	14,754,000	336,921	1,904,683	18,898,368	2.50%	925

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics on page 97 for personal income and population data.

CITY OF PERRY, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Percentage Applicable to Government</u>
Direct		
Intergovernmental	\$ 100,000	
Capital Leases	1,802,764	
Total Direct Debt	1,902,764	
Overlapping ¹		
Capital Leases	1,770,502	100%
General Obligation Debt	41,795,000	100%
Total Overlapping Debt	43,565,502	100%
Total Direct and Overlapping Debt	\$ 45,468,266	

¹ Houston County Board of Education

The percentage of overlapping debt applicable is calculated by taking the share of each individual project that Perry participates in and multiplying that share percentage by the total principal outstanding in each project.

CITY OF PERRY, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Net Assessed Value	\$ 252,604,361	\$ 267,956,247	\$ 325,699,465	\$ 372,655,660
Debt Limit-10% of Assessed Value	25,260,436	26,795,625	32,569,947	37,265,566
Debt Applicable to Debt Limit:				
General obligation bonds	-	-	-	-
Net debt applicable to limit	-	-	-	-
Legal Debt Margin	<u>\$ 25,260,436</u>	<u>\$ 26,795,625</u>	<u>\$ 32,569,947</u>	<u>\$ 37,265,566</u>
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 406,031,037	\$ 419,549,528	\$ 410,842,338	\$ 416,633,952	\$ 422,152,830	\$ 415,489,773
40,603,104	41,954,953	41,084,234	41,663,395	42,215,283	41,548,977
-	-	-	-	-	-
-	-	-	-	-	-
\$ 40,603,104	\$ 41,954,953	\$ 41,084,234	\$ 41,663,395	\$ 42,215,283	\$ 41,548,977
100%	100%	100%	100%	100%	100%

CITY OF PERRY, GEORGIA
PLEGDED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Water and Sewerage System Revenue Bonds

Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2005	\$ 3,450,211	\$ 2,193,362	\$ 1,256,849	\$ 280,000	\$ 185,610	\$ 465,610	2.70
2006	4,167,316	2,379,212	1,788,104	295,000	383,887	678,887	2.63
2007	4,690,505	2,911,470	1,779,035	305,000	347,535	652,535	2.73
2008	4,015,826	3,157,973	857,853	320,000	522,912	842,912	1.02
2009	3,840,234	3,308,201	532,033	335,000	701,115	1,036,115	0.51
2010	4,748,904	3,267,378	1,481,526	400,000	687,327	1,087,327	1.36
2011	5,503,160	3,268,544	2,234,616	390,000	671,780	1,061,780	2.10
2012	5,381,152	3,383,602	1,997,550	410,000	655,250	1,065,250	1.88
2013	5,294,439	3,674,954	1,619,485	425,000	637,737	1,062,737	1.52
2014	5,439,779	3,562,569	1,877,210	370,000	487,207	857,207	2.19

Notes: Gross revenue equals operating and non-operating revenues of the Water and Sewerage System. Operating expenses do not include bond interest, depreciation or amortization expenses.

CITY OF PERRY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income^{2, 3, 7, 8}	Median Age^{3, 5}	School Enrollment⁶	Unemployment Rate^{3, 4}
2005	11,071	\$ 315,601	\$ 28,507	38.2	24,608	5.2%
2006	11,916	356,884	29,950	35.1	25,193	5.0%
2007	13,573	426,097	31,393	35.9	25,921	4.1%
2008	14,128	452,675	32,041	34.4	26,287	5.1%
2009	14,295	449,278	31,429	35.1	26,115	7.7%
2010	14,520	493,448	33,984	35.0	26,672	7.6%
2011	13,839	418,877	33,114	34.6	27,014	8.0%
2012	14,516	424,202	33,505	34.6	27,435	8.0%
2013	14,786	499,043	34,674	37.2	27,610	8.3%
2014	15,094	479,453	37,042	32.4	27,948	7.3%

¹ Per 2000 Census and the City's estimate

² Middle Georgia Regional Commission

³ Information available at the county level only (Houston County)

⁴ Data obtained from Georgia Department of Labor

⁵ Estimate per census taken every 10 years

⁶ Houston County Board of Education

⁷ BEA Regional Economic Analysis

⁸ 2013 data provided for the City of Perry

Note: Personal income information is a total for the year

**CITY OF PERRY, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

2005 Employers	2014 Employers
Anchor Glass Container Corporation	Blue Bird Body Company, Inc.
Department of Defense	Department of Defense
Frito-Lay Incorporated	Fort Valley State University
Houston County	Frito-Lay, Inc.
Houston County Hospital Authority	Houston County
Houston County School System	Houston Hospitals Inc.
Perdue Farms Incorporated	Houston County Board of Education
Tital Corporation	Perdue Farms Inc.
Walmart	Walmart
City of Warner Robins	City of Warner Robins

Source: Georgia Department of Labor

Notes: Employers are listed in alphabetical order only, and are not ranked in any way.
Number of employees cannot be listed due to privacy issues.
Information available at county level only (Houston County).

CITY OF PERRY, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
City Manager	2	2	2	3	3	2.5	2.5	3	3	3
Administrative										
Finance	5	5	5	5	5	5	5	5	5	5
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	1	1	1	1	1	1	1	0	0	0
Purchasing/Bldg. Maintenance	3	3	3	5	4	4	4	4.5	3	4
Community Development	5	5	6	5	5	4	4	5	5	5
Economic Development	-	-	-	-	-	-	-	1	1.5	2
Public Safety										
Police										
Officers	39	38	39	39	38	37	37	35	35	35
Civilians	4	5	5	5	5	5	5	6	6.5	6.5
Fire Department										
Firefighters	16	17	19	19	21	21	21	20	20	24
Civilians		1	1	1	1	1	1	1	1	1
Public Works Department	14	12	15	20	20	16	16	15	14	14
Recreation Department	5	6	6	6	7	7	7	7	7	7

CITY OF PERRY, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water Department										
Water Treatment	6	6	6	0	0	0	0	0	0	0
Water Administrative	8	8	7	7	4	5	5	3.5	4	4
Line Maintenance	6	6	6	7	0	0	0	0	0	0
Sewer Department	5	5	0	0	0	0	0	0	0	0
Solid Waste	7	7	8	8	8	7	7	7	7	6
Gas	5	5	5	5	5	4	4	0	0	0
Total	132	133	135	137	128	120.5	120.5	114	113	117.5

Source: Payroll records.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

July 1999 - Residential trash pick-up contracted out.

March 2004 - Jail closed - Detention Officers transferred to Houston County.

July 2006 - Wastewater Treatment operations contracted out to ESG.

July 2007 - Water Treatment Plant operations contracted out to ESG.

November 2008 Line Maintenance contracted out to ESG

November 2011 Gas Operations contracted out of ESG

June 26, 2012 Meter Readers contracted out to ESG

In 2012, the city created an economic development department

CITY OF PERRY, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Building permits issued-commercial	38	46	43	44	52	30	40	29	36	20
Building permits issued-residential	196	393	387	270	129	130	133	147	155	195
Police										
Physical arrests	1,302	1,336	1,423	1540	1655	1965	1634	1249	1693	1484
Parking violations	76	126	174	111	85	25	24	13	16	19
Traffic violations	2124	2566	2968	2602	4090	2507	3194	2035	3751	2868
Fire										
Emergency responses	829	774	1005	1692	1546	1498	1430	1134	1778	1750
Fires extinguished	66	72	95	96	100	82	105	102	90	97
Public Works										
Streets resurfaced (miles)	1.13	0.97	1.58	1.58	1.03	1.233	0.47	2.4	2.11	2.31
Water										
Service connections	4903	5347	6071	6375	6000	5896	6408	6497	6883	7001
Water main breaks	2	3	6	1	12	9	23	16	9	9
Average daily consumption (million gallons)	1.94	2.19	2.54	2.41	2.39	2.33	2.134	2.02	1.8	1.71
Wastewater										
Average daily sewage treatment (million gallons)	2.75	2.27	1.97	2	2	3.04	1.987	1.748	2.1	2.946
Service Connections	4158	4270	4401	4881	4643	4790	4848	4974	5147	5230
Gas System										
Service Connections	2735	2789	2807	2783	2792	2792	3168	3203	2439	3209
Average daily consumption (MCF)	984	855	806	906	869	947	929	800	1531	1380

Source: Various City departments.

¹ Jointly Owned Natural Gas Transmission Line
customers transferred to City of Warner Robins

Note: The 2010 number of water and wastewater connections has been restated.

CITY OF PERRY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	30	30	30	30	30	29	27	28	41	39
Fire										
Stations	1	1	1	1	1	1	1	1	2	2
Trucks	3	4	3	3	4	4	4	4	4	4
Fire hydrants	632	701	750	814	917	923	923	923	923	950
Recreation										
Community Center	1	1	1	1	1	1	1	1	1	1
Parks	15	15	15	15	15	15	15	15	17	18
Park Acreage	97.14	97.14	97.14	97.14	97.14	97.14	97.14	97.14	99.81	100.4
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	4
Public Works										
Streets (miles)	177.58	181.85	186.81	190.22	205.42	206.7	207.6	207.6	207.8	208.79
Sidewalks (miles)	29.5	31	32.63	34.16	34.55	34.55	34.55	34.55	34.55	34.55
Number of Streets	282	306	335	351	420	428	438	438	439	444
Number of Streets Lights	1757	1835	1885	1955	2220	2246	2277	2298	2301	2328
Water										
Miles of Water Mains	118.58	122.85	127.81	131.67	148	148.57	150.59	151.22	151.22	151.22
Water tanks	5	5	5	5	5	5	5	5	5	5
Storage capacity (million gallons)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Wastewater										
Miles of Sewers	73.74	78.01	82.97	85.57	99.92	100.49	104.38	106	106.5	106.5
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (million gal)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.8	3.0	3.0
Gas System										
Miles of Gas Lines	74.0	76.0	76.0	76.6	77.1	77.1	80.4	81.1	81.1	81.4

Source: Various City departments.



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

**Honorable Mayor and Members of City Council
The City of Perry, 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, business-type activities, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Perry, Georgia (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2014-001, 2014-002, 2014-003 and 2014-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Perry, Georgia's Responses to Findings

The City's responses to findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Macon, Georgia
December 22, 2014

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

A single audit was not performed for the fiscal year ended June 30, 2014 due to the City not expending \$500,000 or more of federal funds.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-001. Revenue Recognition (Restatement of Prior Year Balances)

Criteria:	LMIG funds received are required to be recognized as revenue in the period received rather than deferred until expended. LMIG funds are purpose restricted only and are not subject to deferral.
Condition:	For the year ended June 30, 2013, and per the City's Comprehensive Annual Financial Report (CAFR), the City deferred unspent LMIG funds rather than recognizing this amount as revenue. While we noted the City's general ledger properly recognized such funds as current period revenue in fiscal year 2013 as well as 2014, an adjustment was recorded in the prior year financial statement reporting process which had to be reversed as part of this year's financial reporting process.
Context:	The City deferred LMIG funds due to them not being spent as of June 30, 2014. LMIG funds are purpose restricted only; therefore, the funds should be recognized as revenue when received and are not subject to deferral.
Effect:	Revenue (and the respective fund balance) in the LMIG fund was understated for the fiscal year ending June 30, 2013 due to LMIG funds being deferred. A prior period adjustment in the amount of \$126,235 was needed to properly reflect beginning fund balance in the LMIG Fund.
Cause:	LMIG revenue was deferred during preparation of June 30, 2013 financial statements. City management did not correct this adjustment upon review and approval of those financial statements.
Recommendation:	We recommend the City carefully review the financial statements to determine that all revenue is properly treated.
Views of Responsible Officials and Planned Corrective Action:	Upon review and research by senior partners of previous auditors and consultant in the governmental accounting field, it was determined that the LMIG funds should be recognized as deferred revenue as opposed to current period revenue as recorded in the City general ledger for fiscal year 2013. When reviewed for fiscal year 2014 audit, current auditor determined the revenue should not be deferred. Until the Georgia Department of Audit makes a clear determination as to how this revenue should be recorded, the matter is considered resolved by management.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2014-002. Donated Capital Assets (Restatement of Prior Year Balances)

Criteria: Donated assets are required to be capitalized and recognized as contribution revenue when donated. Any City reimbursement agreement with a developer would reduce the contribution revenue and not create any additional capitalized assets when reimbursements are made.

Condition: The City has a reimbursement agreement with a developer that donated certain infrastructure. The City has been capitalizing the reimbursement payments.

Context: In fiscal year 2009, the respective developer of a subdivision donated certain infrastructure to the City. During development of the subdivision, the developer put in the water and sewer mains and turned them over to the City in fiscal year 2009. In fiscal year 2009, the City recorded the donated assets and also recorded contribution revenue. Depreciation of the assets began in fiscal year 2009.

At the time the assets were donated, the City entered into an agreement with the developer whereby the City would reimburse the developer for the completion of a sewer line. The City will reimburse (dollar-for-dollar and no interest) from water and sewer tap fees collected. As the City has reimbursed the developer, the reimbursements have been capitalized as capital assets. Therefore, certain costs of the donated assets have been capitalized twice.

Effect: Capital asset balances have been overstated (net of any accumulated depreciation) on the water and sewerage system general ledger. A prior period adjustment in the amount of \$266,997 was needed to properly reflect water and sewerage system net position at June 30, 2013.

Cause: Developer reimbursement payments have been capitalized rather than reducing contribution revenue that was recognized when certain infrastructure assets were donated.

Recommendation: We recommend the City carefully review donated assets and any agreements with developers in order to properly account for donated assets and any reimbursement agreements.

**Views of Responsible
Officials and Planned
Corrective Action:**

Upon review and reconciliation of assets, it was discovered by management that certain donated assets were capitalized in duplicate. Discussion and documentation was provided to auditor for assistance with correcting reimbursement payments. Fiscal year 2014 reimbursements were not capitalized. Matter considered resolved by management.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2014-003. Accrued Interest and Interest Expense

- Criteria:** For proprietary funds, generally accepted accounting principles require interest incurred but not yet paid to be accrued in order to be reflected in the proper period. Further, generally accepted accounting principles require escrow amounts related to refunded revenue bond debts to be excluded from the City's records.
- Condition:** At June 30, 2013, accrued interest payable was understated in the water and sewerage system fund. Further, as of June 30, 2014, interest expense, as reported by the City's general ledger, was overstated due to escrow amounts related to the 2005 Water & Sewer Bonds being included and reported in the City's respective general ledger.
- Context:** Accrued interest payable at June 30, 2013 was understated due to the City not properly reversing entries in a previous year. The incorrect reversal has been carried forward for several years causing accrued interest to be understated and net position to be overstated. Further, during fiscal year 2013, the City issued the Water & Sewer Revenue Refunding Bonds, Series 2013, and as part of this bond issuance, a portion of the 2005 Water & Sewer Bonds were advanced refunded and an escrow account was set up to pay the portion of the 2005 bonds that were refunded. Escrow accounts of this kind are not supposed to be recorded in the books of the issuing party. In the end, the City included activity from the escrow account in the general ledger for fiscal year 2014.
- Effect:** Audit procedures were performed and it was determined accrued interest payable was understated (and fund net position was overstated) by \$100,953 at June 30, 2013. The understatement of accrued interest caused water and sewerage system fund net position to be overstated by that same amount at June 30, 2013. A prior period adjustment was recorded in order to properly reflect net position at June 30, 2013.
- Additionally, it was determined interest expense was overstated in the water & sewerage system fund for fiscal year 2014. An audit entry was needed in the amount of \$155,462 to adjust interest expense for the fiscal year ending June 30, 2014.
- Cause:** The City did not adequately review all interest related accruals at June 30, 2013, and the City included activity from the 2005 escrow account in the general ledger for the year ended June 30, 2014.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2014-003. Accrued Interest and Interest Expense (Continued)

Recommendation: We recommend the City carefully review all year end accruals to determine balances are properly stated at the end of each accounting period. Additionally, we recommend the City carefully review and reconcile all bond accounts to ensure only the bond accounts under the City's control be recorded and reflected in the City's general ledger.

**Views of Responsible
Officials and Planned
Corrective Action:**

Upon research, management concurs that accrued interest was understated as the result of a prior year entry. By correction in fiscal year 2014, matter considered resolved by management.

2014-004. Retainage Payable

Criteria: Generally accepted accounting principles require retainage payable to be recorded in the periods incurred.

Condition: At June 30, 2014, the City did not record retainage payable on construction contracts in the water and sewerage system fund.

Context: See above condition.

Effect: Audit procedures were performed and retainage payable was determined to be understated by \$151,213. Audit entries were made to increase retainage payable and the related construction in progress for this amount.

Cause: The City did not review current construction contracts to determine if any retainage payable may have existed as of June 30, 2014.

Recommendation: We recommend the City carefully review and monitor all construction contracts and related retainage payable to properly record retainage payable throughout construction projects.

**Views of Responsible
Officials and Planned
Corrective Action:**

Management concurs with finding. Construction contracts not completed at year end will be reviewed and determination made to record retainage payable as required.

CITY OF PERRY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2013-001. Capital Assets

Criteria: Accounting and control procedures should be designed to ensure that capital asset activity is recorded and reported properly for all capital assets.

Condition: During 2013, capital asset activity was not properly recorded in the City's records. Transactions not properly recorded consisted of the following:

- Capital assets purchased in governmental funds were not reconciled to the depreciation schedule.
- Water and Sewerage System capital assets purchased with SPLOST proceeds were recorded in the Gas System in error.
- Water and Sewerage System projects were not transferred from construction in progress when the assets were placed in service.
- The City continued to capitalize interest on projects which had been substantially suspended.

Auditee Response/Status: Resolved.

2013-002. 2013 Bond Issuance

Criteria: Accounting and control procedures should be designed to ensure that bond activity is properly recorded for all bond issuances, refundings, and advance refundings.

Condition: During 2013, the City issued Series 2013, Water and Sewerage Refunding Revenue Bonds to refund the outstanding 1998 Revenue Bonds and advance refund/defeasement a portion of the outstanding 2005 Revenue Bonds. The City did not properly record all of the transactions.

Auditee Response/Status: Resolved.

2013-003. Accounts Payable/Expenditures

Criteria: In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred. Year-end procedures are necessary to ensure that expenditures and accounts payable are recorded in the appropriate period.

Condition: The City does not have adequate accounting procedures to ensure that expenditures are recorded and properly classified when a liability is incurred.

Auditee Response/Status: Resolved.