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WORK SESSION – September 8, 2022

6:30 P.M.

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## CALL TO ORDER

Roll Call

## PLEDGE OF ALLEGIANCE

## REPORTS

1. Finance Department
2. Police Department
3. Public Works Department

## PUBLIC HEARING

1. **Tax Year 2022 Millage Rate:** The City of Statham has tentatively adopted a millage rate which will require an increase in property taxes for the 2022 tax year. The City of Statham anticipates the property tax levies will be set at 4.003 mills, which is a \*19.92% increase from the proposed rollback rate of 3.338. A Tax Report from the City's Finance Department is available on the City's website or may be obtained by contacting Statham City Hall. \*Based on the County's updated and approved tax digest received from the County Tax Commissioner on August 18, 2022, the city's form PT 32.1 has changed, and the rollback rate is now 3.337 and tax increase 19.96%.

## DISCUSSION ITEMS

1. **Alcohol License Application:** *Tabled from the August 16, 2022 Regular Meeting.* Amal Jose Enterprises, LLC, owner and applicant, Amal Jose, has applied for a City of Statham alcoholic beverage license for beer and wine retail package located at 2059 Atlanta Highway SE, Statham, GA 30666, Map and Parcel Number ST06A 099, also known as Statham Food Mart. This location has a current business and alcoholic beverage license for beer and wine, however, a change of ownership has prompted a new alcoholic beverage license application per the City's Alcohol Ordinance.
2. **O-22-04 Wine Tasting Events Ordinance:** *Tabled from the August 16, 2022 Regular Meeting. Third reading.* To amend the Code of the City of Statham, Chapter 4, "Alcohol," Article VI "Retail Package Sales," to add Section 4-163.
3. **Barrow County Water Purchase Contract Proposal:** To approve an updated wholesale water purchase agreement with Barrow County. This update includes clarifying information, and the costs associated with the agreement have not changed.

4. **Audit Engagement Letter FY22:** To approve an engagement letter for auditing services with Bates Carter for the FY22 financial audit. The cost for the audit is \$18,000.
5. **O-22-05 Ordinance Amending the FY21 Budget:** *First reading.* To approve an FY21 Budget Amendment Ordinance; to maintain a balanced budget by department per Georgia law, the City is required to amend the following department budgets and their respectful line items to maintain a balanced department.
6. **Well Development, Additional Site(s) Exploration:** Tabled from the May 17, 2022 Regular Meeting. To approve the Statham Water Department to continue the well development project adhering to the goals of Mayor and Council of water independence. Due to Well No. 3 not being the most viable at this time and capping site No. 3 at Hillman-Rainwater, City staff requests \$60,000 with a 15% contingency for well exploration of a potential three sites to include surveying and drilling per detailed in the attached letter dated April 5, 2022 from the water department's operator Jordan McDaniel. This approval also includes the Mayor's signature on agreement(s) with Ground-Water Services, Inc., the firm assisting the City with well exploration and development, in order to keep the project moving while personnel, contractors and equipment are on-site.

#### 7. **Fiscal Year 2021 Audit Acceptance**

**EXECUTIVE SESSION:** Pursuant to the attorney-client privilege and as provided by Georgia Code section 50-14-2(1), a meeting otherwise required to be open was closed to the public in order to consult and meet with legal counsel pertaining to pending or potential litigation, settlement, claims, administrative proceedings, or other judicial actions brought or to be brought by or against the agency or any officer or employee or in which the agency or any officer or employee may be directly involved and the matter discussed was **pending or potential litigation.**

#### **CITIZEN INPUT**

#### **MINUTE APPROVAL**

1. August 16, 2022 Regular Meeting (submitted to Council on August 18, 2022).

#### **ADJOURN**

**PT-32.1 - Computation of MILLAGE RATE ROLLBACK AND PERCENTAGE INCREASE IN PROPERTY TAXES - 2022**

COUNTY: **BARROW** TAXING JURISDICTION: **STATHAM**

**ENTER VALUES AND MILLAGE RATES FOR THE APPLICABLE TAX YEARS IN YELLOW HIGHLIGHTED BOXES BELOW**

DESCRIPTION	2021 DIGEST	REASSESSMENT OF EXISTING REAL PROP	OTHER CHANGES TO TAXABLE DIGEST	2022 DIGEST
REAL	73,890,688	15,939,180	3,703,239	93,533,107
PERSONAL	5,938,861		2,391,955	8,330,816
MOTOR VEHICLES	880,590		50,850	931,440
MOBILE HOMES	332,606		29,288	361,894
TIMBER -100%	0		0	0
HEAVY DUTY EQUIP	0		0	0
GROSS DIGEST	81,042,745	15,939,180	6,175,332	103,157,257
EXEMPTIONS	13,162,639	910,592	<b>(1,266,388)</b>	12,806,843
NET DIGEST	67,880,106	15,028,588	7,441,720	90,350,414
	(PYD)	(RVA)	(NAG)	(CYD)
<b>2020 MILLAGE RATE:</b>	<b>4.003</b>			<b>4.003</b>

**CALCULATION OF ROLLBACK RATE**

DESCRIPTION	ABBREVIATION	AMOUNT	FORMULA
2021 Net Digest	PYD	67,880,106	
Net Value Added-Reassessment of Existing Real Property	RVA	15,028,588	
Other Net Changes to Taxable Digest	NAG	7,441,720	
2022 Net Digest	CYD	90,350,414	(PYD+RVA+NAG)
2021 Millage Rate	PYM	4.003	PYM
Millage Equivalent of Reassessed Value Added	ME	0.666	(RVA/CYD) * PYM
Rollback Millage Rate for 2022	<b>RR - ROLLBACK RATE</b>	<b>3.337</b>	PYM - ME

**CALCULATION OF PERCENTAGE INCREASE IN PROPERTY TAXES**

If the 2020 Proposed Millage Rate for this Taxing Jurisdiction exceeds Rollback Millage Rate computed above, this section will automatically calculate the amount of increase in property taxes that is part of the notice required in O.C.G.A. § 48-5-32.1(c) (2)

Rollback Millage Rate	3.337
2021 Millage Rate	4.003
<b>Percentage Tax Increase</b>	<b>19.96%</b>



ALCOHOL LICENSE APPLICATION  
FOR THE YEAR 20 22

Due \$1,150

PAID BY CASH  
BY CHECK # 1093  
BY CREDIT 7-12-22  
AS

The undersigned applicant hereby applies to the Mayor and Council of the City of Statham for a license to sell alcohol in the City of Statham, Georgia, or for a renewal of such license as hereinafter indicated.

Date: 07/01/2022 New  Renewal

- Check All That Apply:
- Beer Consumption on premises \$500.00
  - Wine Consumption on premises \$500.00
  - Beer Retail Package \$500.00 ✓
  - Wine Retail Package \$500.00 ✓
  - Distilled Spirits by the drink, consumption on premises \$3,000.00
  - Distilled Spirits Retail Package \$5,000.00
  - Licensed Alcohol Service - Caterer \$100.00

\* Public Hearing  
Aug 4, 2022

Full name of applicant: AMALJOSE 100 MAISON DR, APT.266, ATHENS GA 30605-6311

Name Address  
346-409-4846  
Phone Number

Give the trade name of the proposed business:

STATHAM FOOD MART

If applicant is a CORPORATION:

(a) Name of Company: AMALJOSE ENTERPRISES LLC

Home Office: 2059 ATLANTA HIGHWAY SE, STATHAM GA 30666

(b) Give names of:

(1) Officers: AMALJOSE Home Address: 100 MAISON DR, APT 266, ATHENS GA 30605-6311

If you rent, lease, or intend to rent the location where the business is now or will be located:

(a) If the premises where the business is to be located are rented or leased, state name of lessor or property owner and his address:

SAINT MARYS ENTERPRISES LLC

(b) Is your rental of the premises based on a percentage of the receipts of business?

Yes  No

If yes, give details:

(c) Is your rental contingent upon the amount of business done or to be done?

Yes  No

If yes, give details:

If the license applied for is granted or renewed, do you agree to abide by all ordinances of the City of Statham and Laws of the State of Georgia and Federal Government relating to the use, possession, transportation, sale of beverages, and other laws of said entities as relate to the peace and good order thereof?

Yes  No

Do you now hold a license to sell alcohol in the City of Statham or Barrow County?

Yes  No

If yes, give name of business, its address, and the type of license held:

Does any member of your immediate family now hold a license to sell alcohol from the City of Statham or Barrow County?

Yes  No

If yes, give name of person, relationship to you, his or her address, and the type of license held:

Have you or any person or persons associated with you in making this application ever held a license to sell alcohol from any county, town, city, or municipality of the State of Georgia or other State, which was revoked?

Yes  No

If yes, give details:

Does any person have any interest in this business as a silent, undisclosed partner or joint venture?  Yes  No

(2) Directors:

Home Address:

(3) Stockholders:

Home Address:

AMAL JOSE

100 MAISON DR, APT 266, ATHENS GA 30605-6311

If applicant is a PARTNERSHIP:

Name of partners:

Home Address:

Have you, your partner or partners, or corporate officer, director, or stockholder ever been arrested or convicted of any City, State, or Federal penal law or ordinance?

Yes [ ] No [X]

If yes, give date of offense, name of court, and disposition of case:

Street Address of the Proposed Business:

2051 Atlanta Hwy

- Above ground
- Street or Ground floor level
- Basement

Who is the owner of the premises where the business is now or is proposed to be located?

Salem Merchant  
2905 Fitzgerald Trace  
Duluth, Ga 30097

If yes, give name and address of such person and his/her interest:

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Have you agreed to split the profits or receipts from this business with any person, firm, company or corporation?  Yes  No

If yes, give name of person or firm and the amount of profits or receipts to be split:

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Do you understand that any false statement or answer made by any applicant will subject the offender to prosecution and will be grounds for revoking a license, if granted or renewed?

Yes  No

Have you ever applied for an alcohol license from the City of Statham, Barrow County, or other County within the State of Georgia, or other State and been denied such?

Yes  No

If yes, give details:

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Have you or any company you are interested in as a partner, stockholder, officer, or director ever been sued by the United States Government for a violation of the Internal Revenue Laws related to the use, manufacture, sale, transportation, possession, or taxability of intoxicating liquors?

Yes  No

If yes, give details:

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Have any vehicles, trailers, or property belonging to you or to any company in which you have or had an interest in ever been seized or condemned or forfeited as contraband by the State of Georgia or United States for the reason the same was being used or intended for use in illegal manufacture, distilling, transportation, sale, or conveyance of intoxicating liquors vinous, or malt beverages in violation of the Laws of the State of Georgia or United States?

Yes  No

If yes, give details:

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If you are applying for a retail license or renewal:

(a) Does any person, company, or firm holding a wholesale permit from the City of Statham, Barrow County, or other city or county in the State of Georgia have any interest in your proposed business or present business (if renewal)?

Yes  No

If yes, give name of wholesaler and details or interest?

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(b) Does or will any person or company or firm holding a wholesale permit from the City of Statham, Barrow County, or other city or county in the State of Georgia share in the profits or receipts from your business?

Yes  No

If yes, give name of wholesaler and details as to how he/she shares in any receipts or profits:

(c) Do you have any agreement with any person, company or firm holding a wholesale license to sell alcohol from the City of Statham, Barrow County or other municipality or county in the State of Georgia to back or agree to back you financially in this business?

Yes  No

If yes, give name of wholesaler and details of agreement:

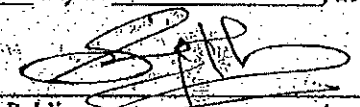
The undersigned swears on oath that the foregoing answers and statements made by him or her are true and correct.

APPLICANT

BY AMAL JOSE - PRESIDENT

Individual; if a corporation indicate office; if a partnership, indicate if a partner

Sworn to and subscribed before me,  
This 30 day of JUNE, 2022

  
Notary Public  
Commission expires: 09/12/2025

Sreegith Sabu  
NOTARY PUBLIC  
Oconee County, GEORGIA  
My Commission Expires 09/12/2025

(Seal)



PROVIDE THE NAME, TITLE, ADDRESS AND PHONE NUMBERS OF ALL OWNERS, PARTNERS AND MANAGING MEMBERS. IF YOUR BUSINESS IS A CORPORATIONS, LIST THE REGISTERED AGENT, OFFICE ADDRESS AND NAME AND ADDRESS OF THE PRESIDENT.

AMAL JOSE OWNER / PRESIDENT 100 MAISON DR. APT 266, ATHENS GA 30605-6311 346-409-4846  
AMAL JOSE REGISTERED AGENT 100 MAISON DR. APT 266, ATHENS GA 30605-6311 346-409-4846

**State of Georgia Business Registration License (include copy):**


Name on License AMALJOSE ENTERPRISES LLC  
License Number 22148485 (CONTROL NUMBER)  
Expiration Date APRIL 1, 2023

Georgia Sales Tax # 308-761475

Federal EIN # 88-2526585

\*Your business may be subject to Regulatory Fees in addition to the Occupational Tax Application Fees. Please see the City of Statham for details.

I hereby make an application for an Occupational Tax License to conduct business in the City of Statham. I understand that prior to issuance of said license, all required documentation and applicable City Ordinances must be met, and all fees must be paid in full. I, AMAL JOSE, do solemnly swear that the information in this application is true and correct to the best of my knowledge.

Signature: 

Print Name: AMAL JOSE Date: 06/15/2022

**For City of Statham Use Only**

License Type: Home Business \_\_\_\_\_ Occupational License ✓

License Fee: \$ 1150.00 Date Paid in Full: 7-12-22

Regulatory Fees Paid (if applicable) \$ \_\_\_\_\_

Payment Reference Number: CK# 1093

Total Amount Paid: 1150.00

AS

# STATE OF GEORGIA

Secretary of State  
Corporations Division  
313 West Tower  
2 Martin Luther King, Jr. Dr.  
Atlanta, Georgia 30334-1530

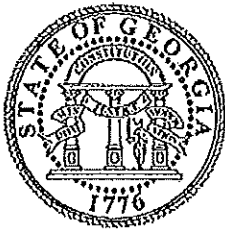
## CERTIFICATE OF ORGANIZATION

I, Brad Raffensperger, the Secretary of State and the Corporation Commissioner of the State of Georgia, hereby certify under the seal of my office that

**AMALJOSE ENTERPRISES LLC**  
a Domestic Limited Liability Company

has been duly organized under the laws of the State of Georgia on 05/24/2022 by the filing of articles of organization in the Office of the Secretary of State and by the paying of fees as provided by Title 14 of the Official Code of Georgia Annotated.

WITNESS my hand and official seal in the City of Atlanta  
and the State of Georgia on 05/27/2022.



*Brad Raffensperger*

Brad Raffensperger  
Secretary of State

ARTICLES OF ORGANIZATION

\*Electronically Filed\*  
Secretary of State  
Filing Date: 5/24/2022 5:23:26 PM

**BUSINESS INFORMATION**

CONTROL NUMBER 22118485  
BUSINESS NAME AMALJOSE ENTERPRISES LLC  
BUSINESS TYPE Domestic Limited Liability Company  
EFFECTIVE DATE 05/24/2022

**PRINCIPAL OFFICE ADDRESS**

ADDRESS 2059 Atlanta Highway SE,, Statham, GA, 30666, USA

**REGISTERED AGENT**

NAME	ADDRESS	COUNTY
AMAL JOSE	100 Maison Dr, Apt 266, Athens, GA, 30605-6311, USA	Clarke

**ORGANIZER(S)**

NAME	TITLE	ADDRESS
AMAL JOSE	ORGANIZER	100 MAISON DR, APT 266, ATHENS, GA, 30605-6311, USA

**OPTIONAL PROVISIONS**

N/A

**AUTHORIZER INFORMATION**

AUTHORIZER SIGNATURE AMAL JOSE  
AUTHORIZER TITLE Organizer

**Why am I receiving this document?**

Below is confirmation of your Sales and Use Tax Certificate of Registration.

View and print additional copies of this Certificate of Registration by logging into your Georgia Tax Center (GTC) account at <https://gtc.dor.ga.gov>.

**What am I required to do?**

- You must publicly display this certificate in your place of business.
- You must timely file sales and use tax returns, even if no tax is due.
- You are to file monthly, unless the Georgia Department of Revenue notifies you of a different filing frequency.
- Returns and payments are due no later than the 20th day of the month following the period being reported.

**What should I do if there are changes to my business?**

- A business may update its officers, mailing address, trade name, and NAICS code through GTC.
- If you open a new business location, you must register the location by logging into your GTC account and registering a new tax account.
- If the business is sold or closes, you must file a final return and submit payment within 15 days of the sale or closure.
- If there are errors on your certificate or other changes to your business, such as a change in ownership or name change, contact the Taxpayer Services Division at (877) 423-6711 or via email at [st-license@dor.ga.gov](mailto:st-license@dor.ga.gov).

Sales and use tax returns may be filed electronically through GTC.



THIS CERTIFICATE MUST BE PUBLICLY DISPLAYED AS PROVIDED BY LAW

**SALES AND USE TAX CERTIFICATE OF REGISTRATION**

STATE OF GEORGIA  
DEPARTMENT OF REVENUE  
Taxpayer Services Division

Issued pursuant to the Retailers' and Consumers' Sales and Use Tax Act of 1951, as amended.  
The person named below is authorized and empowered to collect state and local sales and use taxes.

STATE TAXPAYER IDENTIFIER: 20278534815	EFFECTIVE DATE: 01-Jun-2022	SALES TAX NUMBER: 308761475	COUNTY NAME: BARROW
NAICS:447110 - Gasoline Stations with Convenience Stores		Secondary NAICS: None	

AMALJOSE ENTERPRISES LLC  
STATHAM FOOD MART  
2059 ATLANTA HWY SE  
STATHAM, GA 30666-1861

IMPORTANT - This Certificate Is  
NON TRANSFERABLE

State Revenue Commissioner

EACH PLACE OF BUSINESS MUST BE REGISTERED SEPARATELY.

CITY OF STATHAM  
STATE OF GEORGIA

**AN ORDINANCE AMENDING THE CODE OF THE CITY OF STATHAM, GEORGIA, CHAPTER 4 - "ALCOHOL", ARTICLE VI - "RETAIL PACKAGE SALES," TO ADD SECTION 4-163; TO REPEAL CONFLICTING ORDINANCES; TO PROVIDE FOR SEVERABILITY; TO PROVIDE FOR AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.**

WHEREAS, The Code of The City of Statham, Georgia ("the Code") provides for rules and regulations regarding the sale of alcoholic beverages within the City of Statham, Georgia, including, beer, wine, and distilled spirits; and

WHEREAS, Section 4-26(2) provides for issuance of licenses of package sales of beer and wine for consumption off premises; and

WHEREAS, the City has issued package sale licenses allowing for the sale of beer and wine for consumption off the premises; and

WHEREAS, holders of a package sales license wish to conduct wine tasting events on premises in order to promote their products and educate their customers on different offerings; and

WHEREAS, the City wishes to provide for on-site wine tasting events upon such conditions as are tailored to protect the health, safety, and well-being of the citizens of Statham; and

Now, therefore, IT IS ORDAINED by the City Council of the City of Statham that the Code of the City of Statham, Georgia is hereby amended in the following respects:

**Section 1.**

Article VI of Chapter 4 is hereby amended to add the following Section 4-163:

"Section 4-163. Wine Tasting Events License.

The holder of a retail package sales license shall be eligible for an ancillary wine tasting events license to provide samples of wine offered for sale to customers under the conditions set forth in this section.

(a) Wine sampling shall be on limited occasions or in conjunction with wine education classes. Such samplings shall be designed to promote wine appreciation and education. Such classes shall be restricted to not more than 30 people at a time and may be held up to one time in a calendar month and shall not last longer than 2 hours.

(b) Any and all wine tasting events shall be restricted only to approved locations of the licensee. All entrances and exits to the event must be controlled access points to allow for easy

monitoring of patrons entering and leaving and to prevent open alcoholic beverages from being removed from the premises.

- (c) Wine tasting for customers shall only be conducted at a wine counter area constituting no more than twenty percent of the entire floor area of the premises. Wine sampling and tasting is only permitted within the designated wine counter area of the premises.
- (d) Samples shall not exceed two ounces, and no customer shall consume more than four ounces in any one-hour period or eight ounces in any two-hour period.
- (e) Wine bottles shall be opened only by the licensee or an employee, and samples shall only be poured by the licensee and/or an employee. The licensee shall supervise all aspects of the wine tasting event including the handling and storage of the alcoholic beverages. The holder of such a wine tasting license shall comply with all requirements and restrictions related to pouring set forth in Article II herein.
- (f) No open containers of wine shall be removed from the licensed premises.
- (g) Holders of an ancillary wine tasting permit shall not charge for samples or tastings, but may accept donations for a charitable organization of their choice.
- (h) The annual fee for an ancillary wine tasting license shall be established by the City Council from time to time.”

#### **Section 2.**

The fee schedule for the City of Statham, Georgia is hereby updated to provide an annual fee for ancillary wine tasting licenses in the amount of \_\_\_\_\_.

#### **Section 3.**

All ordinances, or parts of ordinances in conflict herewith are hereby repealed.

#### **Section 4.**

If any portion of this ordinance shall be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect or impair the remaining portions unless it clearly appears that such other parts are wholly and necessarily dependent upon the part held to be invalid or unconstitutional.

#### **Section 5**

The effective date of this ordinance shall be upon its adoption by the Statham City Council.

SO ORDAINED, this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM**

\_\_\_\_\_  
City Attorney

STATE OF GEORGIA  
COUNTY OF BARROW

WATER PURCHASE CONTRACT

This Agreement is made and entered into effective this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by and between the **BARROW COUNTY**, a political subdivision of the State of Georgia (herein sometimes called "BARROW COUNTY"), and the **CITY OF STATHAM**, a municipal corporation of the State of Georgia (herein sometimes called "CITY OF STATHAM"). **BARROW COUNTY** and the **CITY OF STATHAM** may be referred to collectively herein as the "Parties" or individually as a "Party."

Witnesseth:

**WHEREAS**, the **CITY OF STATHAM** is organized and established under the laws of Georgia for the purpose of serving water users, **BARROW COUNTY** is authorized to provide such service, and the Parties are authorized under Article IX, Section III, Paragraph I of the Georgia Constitution to contract for the provision of water service;

**WHEREAS**, the Parties hereto desire to enter into an Agreement for the sale and purchase of potable water and to set forth the terms and conditions for the sale thereof;

**WHEREAS**, **BARROW COUNTY** will be the wholesale seller of water; and

**WHEREAS**, **CITY OF STATHAM** will be the wholesale purchaser of water.

**NOW, THEREFORE**, for and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto intend to be legally bound, and do agree as follows:

1. **Allocation.** The above recitals are made a part of this contract. **BARROW COUNTY** agrees to make available to the **CITY OF STATHAM** at the hereinafter referred to point of delivery, during the term of this contract or any renewal or extension thereof, potable water meeting applicable purity standards of the Georgia Department of Health and the Georgia Department of Natural Resources, Environmental Protection Division in such quantity and at such prices as specified hereinafter in this contract.
2. **Quantity of Water.** Commencing on the effective date of this contract and continuing for a period of ten (10) years, and as this contract may thereafter be extended, **BARROW COUNTY** agrees to make available to the **CITY OF STATHAM** at the designated point of delivery hereinafter specified, potable water in quantity of a minimum of 125,000 GPD (gallons per day) or as determined on a monthly basis minimum 3,750,000 gallons per month.



3. **Points of Delivery and Pressure.** At no time shall the residual water pressure on the BARROW COUNTY side of the meter be allowed to be lower than 20 PSI (pounds per square inch) due to the combined operations of BARROW COUNTY and CITY OF STATHAM. The point of delivery is located at the connection point of the CITY OF STATHAM water system and BARROW COUNTY Line with the ultimate delivery pressure dependent on Bear Creek water supply pressure.
4. **Supplemental Supply of Water.** The CITY OF STATHAM may purchase from BARROW COUNTY additional potable water in excess of the daily firm quantity established in paragraph 2 of this contract based on the availability of such additional water. BARROW COUNTY agrees to said excess water purchases, CITY OF STATHAM shall pay for such excess water at the rates subsequently set forth in this contract.
5. **Billing Procedure.** BARROW COUNTY will furnish the CITY OF STATHAM at its address stated in paragraph 13 below, a monthly itemized invoice of the amount of water provided from BARROW COUNTY to the CITY OF STATHAM and the amount owed to BARROW COUNTY from the CITY OF STATHAM under this contract for such water. The standard billing procedures of BARROW COUNTY shall apply and the CITY OF STATHAM shall fully satisfy such invoices in full within thirty (30) days of BARROW COUNTY mailing of same to the CITY OF STATHAM.
6. **Metering Equipment.** The parties agree that BARROW COUNTY will provide sufficient metering equipment needed under this contract near the end of the existing BARROW COUNTY line in BARROW COUNTY, Georgia. A meter registering not more than two percent above or below the test results, shall be deemed to be accurate. The previous reading of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance to the percentage of inaccuracy found by such test. If any meter fails to register for any period, the amount of water furnished during such a period shall be deemed the average amount of water delivered during the three (3) month period immediately prior to the failure, unless BARROW COUNTY and CITY OF STATHAM at a reasonable time shall have access to the meter for purpose of reading same.
7. **Term of Agreement.** In compliance with O.C.G.A. 36-1-26 (1), this Water Service Agreement will be for ten (10) years and shall be in full force and effect for a period ending \_\_\_\_\_, 2032.

Either party may limit the term to only five (5) years and opt out of the remaining five (5) years of the Term of the agreement by providing notice to the other Party of such termination not less than ninety (90) days prior to the 5-year anniversary of the agreement.

Either party may limit the term to only eight (8) years and opt out of the remaining two (2) years of the Term of the agreement by providing notice to the other Party of such termination not less than ninety (90) days prior to the 8-year anniversary of the agreement.

Prior to the completion of the ten (10) year term, in accordance with O.C.G.A. § 36-1-26 limiting the Term of this Agreement to a maximum of ten (10) years, should the Parties agree to continue the provision of water from BARROW COUNTY to the CITY OF STATHAM, the Parties hereto must enter into a new agreement at that time.

8. **Failure to Deliver.** BARROW COUNTY will at all times, operate and maintain its water system in a reasonable and professional manner, consistent with industry standards, and will take such actions as may be necessary to furnish the CITY OF STATHAM with the minimum quantities of water required by this contract. Temporary or partial failure to deliver water shall be remedied by BARROW COUNTY with all possible dispatch. In the event of an extended shortage of water beyond the control of BARROW COUNTY, or the supply of water available to BARROW COUNTY is otherwise diminished over an extended period of time, the supply of water to CITY OF STATHAM's customers shall be reduced or diminished in the same ration or portion as the supply to BARROW COUNTY customers is reduced or diminished.
  
9. **Price of Water.** The purchase price of water supplied under this contract will be determined by BARROW COUNTY subject to availability of water from BARROW COUNTY'S entitlement share of treated water from the Bear Creek Reservoir project and provision of wholesale water to BARROW COUNTY'S wholesale water customers with minimum purchase obligations. Until such rate may be modified as provided herein, the price of water shall be set at \$ 3.00 per 1,000 gallons. The CITY OF STATHAM shall not pay less than a monthly minimum charge which shall be equivalent to the cost of purchasing 125,000 gallons of water per day at the set rate for K/gal per 30-day period. This monthly charge shall be paid whether or not the CITY OF STATHAM purchases an average of 125,000 GPD of potable water. In April of each year of the Term, BARROW COUNTY will review the rate and increase such rate as needed in response to changes in the uniform rate from the Upper Oconee Basin Water Authority ("UPBWA"). Rate adjustments based on such review will be applicable beginning on the following first day of July.

If BARROW COUNTY is unable to provide the required minimum GPD to the CITY OF STATHAM due to a system failure or inability to produce the required GPD of the Take or Pay Clause, then, in that event, the City of Statham shall only be responsible to pay for the amount of actual GPD supplied.

During this agreement, any month after the CITY OF STATHAM purchases over the monthly minimum of 3,750,000 gallons per month. The price of water shall be set at \$ 2.90 per 1,000 gallons above the monthly minimum Take or Pay Clause.

If at any time during the term of this contract, the BARROW COUNTY s cost for treated water from the Upper Oconee Basin Water Authority or the cost to deliver wholesale water change, the price will be adjusted by the required percentage rate to reflect such change after 30 days' written notice from BARROW COUNTY to the CITY OF STATHAM of such change.

**10. Payment.**

If the CITY OF STATHAM fails to fully satisfy any invoice for any water delivered to the CITY OF STATHAM by BARROW COUNTY within the period herein provided, then BARROW COUNTY shall have the right to cease delivering water to the CITY OF STATHAM at any time it elects to do so, provided BARROW COUNTY first provides at least fifteen (15) days' notice of intent to do so to the CITY OF STATHAM and the CITY OF STATHAM fails to cure all past due amounts, including a penalty of two (2%) percent per month of all amounts remaining past due, within such fifteen (15) day period.

The obligation of the CITY OF STATHAM to pay for water delivered under this agreement shall never be construed to be a debt of the CITY OF STATHAM requiring it to levy and collect a tax to discharge the same, but shall be an operating charge of its water system ranking equally to charges for salaries, wages and other operating expense of such system. The CITY OF STATHAM shall, at all times, establish, maintain, prescribe and collect fees, tolls and charges for water facilities furnished to its customers sufficient to provide funds for the payment of all obligations of the CITY OF STATHAM under this agreement.

**11. Rules and Regulations.** This contract is subject to the same rules, regulations or laws as may be applicable to similar agreements in this State, and BARROW COUNTY and the CITY OF STATHAM will collaborate and obtain such permits, certificates and the like, or as may be required to comply therewith. The CITY OF STATHAM agrees to comply with all rules and regulations, which BARROW COUNTY has now or may in the future, impose on its water customers. These rules and regulations may include, but shall not be limited to, such emergency measures as bans on water sprinkling, hydrant flushing, car washing and similar issues.

**12. Notice.** All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing by US certified mail, return receipt requested, and shall be addressed and delivered to each Party at the address set forth below. By giving prior written notice thereof, either Party may from time to time and at any time change its address for notices hereunder.

Barrow County Board of Commissioners  
30 North Broad Street  
Winder, Ga. 30680

City of Statham  
PO Box 28  
327 Jefferson Street  
Statham, Ga. 30666

13. **Georgia Law.** It is the intention of the Parties that the laws of the State of Georgia shall govern the validity of this contract, the construction of its terms and the interpretation of the rights or duties of the parties.
14. **Cooperation.** On and after the date of this contract, either Party shall at the request of the other, make, execute and deliver or obtain and deliver all instruments and documents and shall do or cause to be done all such other things which either party may reasonably require to effectuate the provisions and intention of this contract.
15. **Power.** The Parties signing this contract hereby state that they have the power to do so on behalf of the entity for which they are signing.
16. **Effective.** This contract shall be effective upon the Parties hereto and their assigns, and successors in office
17. **Cumulative.** Except as expressly limited by the terms of this contract, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or inequity.
18. **Force Majeure.** In case by reason of force majeure, any Party hereto shall be rendered unable wholly, or in part, to carry out its obligations under this contract then if such shall give notice and full particulars of such force majeure in writing to the other Party writing a reasonable time after occurrence of the event or cause relied on, the obligation of the Party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period. Such Party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein, shall mean act(s) of God, strikes, lockout(s) or other industrial disturbance(s), act(s) of a public enemy, order(s) of any kind of the Government of the United States, of the State of Georgia or any civil or military authority, insurrections, riots, epidemics, landslide, lightening, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of Government and people, civil disturbances, explosions, breakage or accident(s) to machine or pipelines, or any other cause(s) outside the parties control which prevent performance under this agreement. Should interpretations and or lowering of pressure

occur, the CITY OF STATHAM shall be foreclosed from any action against Barrow County and shall hold BARROW COUNTY harmless from any fees including attorney's fees and court costs incurred from any action by one or more of the CITY OF STATHAM customers.

19. **Supersede.** This contract shall supersede and replace all letters, memoranda, or other letters or documents signed by the Parties hereto with respect to the sale of potable water by BARROW COUNTY to the CITY OF STATHAM.

20. **Water Supply.** The CITY OF STATHAM is aware BARROW COUNTY has limited control over any source of water, therefore if for any reason the BARROW COUNTY does not receive the expected amount of water from Bear Creek Treatment Facility, BARROW COUNTY may reduce the amount of water to be furnished to the CITY OF STATHAM under this agreement.

In the event of such a reduction, or any reduction due to force majeure, BARROW COUNTY shall act in good faith and not unduly reduce the amount of water furnished under this agreement to CITY OF STATHAM.

**IN WITNESS WHEREOF**, the undersigned have hereunto set their hands and seals effective as of the date first above written.

**BARROW COUNTY, GEORGIA**, by and through its Board of Commissioners

By: \_\_\_\_\_  
Pat Graham, Chairman

Attest: \_\_\_\_\_  
Vickie Short, County Clerk

(Affix County Seal)

**CITY OF STATHAM, GEORGIA**

By: \_\_\_\_\_  
Joe Piper, Mayor

Attest: \_\_\_\_\_  
Sandra Bennett, City Clerk

(Affix City Seal)



PH 770.532.9131  
FX 770.536.5223  
525 CANDLER STREET, NE  
PO DRAWER 2396  
GAINESVILLE, GEORGIA 30503  
WWW.BATESCARTER.COM

August 24, 2022

City Council  
City of Statham  
327 Jefferson Street  
Statham, Georgia 30666

We are pleased to confirm our understanding of the services we are to provide for the City of Statham for the year ended June 30, 2022.

### **Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Statham as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), and Budgetary Comparison Schedule - General Fund, to supplement the City of Statham's 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. As part of our engagement, we will apply certain limited procedures to the City of Statham's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's discussion and analysis.

In the past, the City of Statham has decided not to present this MD&A. Should you decide so again, our report will be modified to include the following statement: the City of Statham did not present the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

- Budgetary Comparison Schedule - General Fund.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Statham's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a combined report on the financial statements:

- Schedule of Projects Constructed with Special Purpose Local Option Sales Tax.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting

on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk of material misstatement based on our prior period audit: Management Override of Controls. This risk is addressed by procedures in the audit, including but not limited to:

- Assignment of audit staff based on consideration of audit risk
- Procedures to incorporate an element of unpredictability in the audit from period to period
- Consideration of the selection and application of significant accounting principles
- Examination of journal entries
- Review of accounting estimates for bias
- Evaluation of business rationale for unusual transactions

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take



reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

#### **Audit Procedures—Internal Controls**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Statham's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of the City of Statham in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the City of Statham; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Bates, Carter & Co., LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to state regulatory agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bates, Carter & Co., LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulatory or grantor agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately August 26, 2022 and to issue our reports no later than December 31, 2022. Amanda M. Wilkson, C.P.A. is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for the audit services will be \$18,000, which includes out-of-pocket costs and does not include implementation fees or Report of Local Government Finance fees. Our invoices for these fees will be rendered as work progresses and are payable on presentation. A service charge will be added to past due accounts. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the period of the contract. Accordingly, our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of Statham and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Bates, Carter & Co., LLP*

BATES, CARTER & CO., LLP  
Enclosure

RESPONSE:

This letter correctly sets forth the understanding of the City of Statham.

Management Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

Governance Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_



DiPiazza LaRocca Heeter & Co, LLC  
510 Office Park Drive • Suite 100  
Birmingham, AL 35223  
205.871.9973  
www.dlhepa.com

November 11, 2020

To the Partners of Bates Carter & Co., LLP  
and the Peer Review Committee of the Georgia Society of Certified Public Accountants:

We have reviewed the system of quality control for the accounting and auditing practice of Bates Carter & Co., LLP (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### **Required Selections and Considerations**

Engagements selected for review, when applicable, included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Bates Carter & Co., LLP in effect for the year ended June 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bates Carter & Co. LLP has received a peer review rating of *pass*.

*DiPiazza LaRocca Heeter & Co., LLC*

CITY OF STATHAM

STATE OF GEORGIA

**AN ORDINANCE OF THE CITY OF STATHAM MAYOR AND CITY COUNCIL  
AMENDING THE ADOPTED FISCAL YEAR 2021 BUDGET IN ITS ENTIRETY FOR THE  
PURPOSE OF ALLOCATION ADJUSTMENTS; TO AMEND EACH DEPARTMENTAL  
BUDGET TO REFLECT THOSE ALLOCATION CORRECTIONS; TO PROVIDE FOR  
SEVERABILITY; TO PROVIDE FOR AN EFFECTIVE DATE; AND TO PROVIDE FOR  
OTHER LAWFUL PURPOSES**

**Whereas**, the City Council of the City of Statham adopted the Fiscal Year 2021 Amended Budget on January 19, 2021 for the fiscal year beginning July 1, 2020 and ending June 30, 2021 in accordance with the Official Code of Georgia Annotated; and

**Whereas**, in accordance with O.C.G.A. § 36-81-3(d)(1), the City Council of Statham wishes to amend the fiscal year budget for the purpose of revenue adjustments, account allocation corrections, and for each departmental budget to reflect those allocation corrections; and

**Whereas**, the City Council of Statham hereby finds this action in the best interest of the public's health, safety and general welfare.

**NOW THEREFORE, BE IT RESOLVED BY THE STATHAM CITY COUNCIL AS  
FOLLOWS:**

Section 1. Purpose. The purpose of this ordinance is to amend the FY21 amended budget, as approved and finalized on January 19, 2021.

Section 2. Adoption of the Amendments. The Fiscal Year 2021 Budget of the City of Statham is hereby amended in accordance with the budget amendment attached hereto and expressly incorporated herein and made a part of this ordinance, and the same is hereby adopted and incorporated into the fiscal year 2021 budget, beginning July 1, 2020 and ending June 30, 2021.

Section 3. Filing Copies of the Budget Amendments. The City Accountant is authorized and directed to file a copy of said budget amendment in the Office of the City Clerk where amendments shall be certified and made available for public inspection. Certified copies shall also be filed in the Finance Department.

Section 4. Severability. If any section, part, or provision of this resolution is held invalid, unenforceable, such invalidity or unenforceability shall not affect any other portion of this resolution, and all parts, sections, whereas clauses, and other provisions of this resolution shall be severable.

Section 5. Effective date. This resolution shall become effective immediately upon its adoption.

O-22-05

SO ADOPTED this 20th day of September 2022.

---

Mayor Joe Piper

ATTEST:

---

City Clerk

(SEAL)

As approved to form:

---

City Attorney



Prepared by	Reviewed by	Partner Review
AMW 9/6/2022		

BA

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
BA.01	6/30/2021	Proceeds from Capital Leases	100-039-35000 100	BA.001		79,618.00		
BA.01	6/30/2021	SALARIES	100-110-51100 100	BA.001		24,800.00		
BA.01	6/30/2021	SALARIES	100-110-51100 100	BA.001		2,100.00		
BA.01	6/30/2021	ELECTIONS	100-140-52110 100	BA.001	1,800.00			
BA.01	6/30/2021	AUDIT	100-151-51560 100	BA.001	23,000.00			
BA.01	6/30/2021	JUDGE/SOLICITOR	100-265-52124 100	BA.001	2,100.00			
BA.01	6/30/2021	VEHICLES	100-320-54220 100	BA.001	79,618.00			
Proposed budget adjustments to bring FY21 General Fund into compliance with State guidelines. AMW								
					106,518.00	106,518.00		

Net Income (Loss) 0.00

MAYOR  
Joe Piper



CITY COUNCIL  
Debi Krause  
Lee Patterson  
Scott Penn  
Hattie Thrasher  
Gary Venable

April 5, 2022

**RE: FURTHER WELL SITE EXPLORATION**

To the Mayor and Council,

The water quality test results from the Hillman-Rainwater well (Well No.3) have come back and the results are not desirable. Attached to this letter are the findings of the water quality test. While the water is treatable, due to the high contaminate levels, the recommendation is that the well be capped and used in the future, only if needed.

Due to Well No.3 not being the most viable site at this time, the Water Department is requesting that additional sites are evaluated. Using the numbers from the preliminary sounding test and other possible sites found recently, we would like to move forward with more in-depth surveying of these sites. The areas which have indicated to be a potential source of water are on private property. Should Council approve the continuation of well exploration, we will move forward with obtaining property owners permission to test on their land and evaluate potential cost to purchase enough property needed for the well, if found to be a quality source.

The Water Department is requesting \$60,000 with a 15% contingency for well exploration, surveying and drilling of new, potential wells. While this dollar amount does not include purchase of property, the goal is to obtain sounding results and drilling possibilities on additional sites before any property is acquired.

In the event the City is unable to obtain permission for these sites, it is requested that the approved funding go to other areas for potential drilling, adhering to the goals and desires of Mayor and Council for the City to become water independent. If approved, the Water Department would like to move forward with drilling up to three (3) new wells. This would be submitted to the EPD at one time, but all three would be under a different permit. Submitting three different sites at once would speed up the State approval process by having all sites included in the review at one time.

The Water Department appreciates your time and consideration in moving forward with new well exploration sites and testing.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jordan McDaniel", is written over a faint, illegible stamp or watermark.

Jordan McDaniel  
Water Department

H. Dan Harman, Jr., P. G.  
Senior Hydrogeologist  
Phone: 770-364-8442

**GROUND-WATER SERVICES, INC.**  
3842 Crestmore Drive  
Kennesaw, GA 30144  
E-Mail: support@groundwaterrock.com  
Web Address: www.groundwaterrock.com

MEMO:

DATE: 3-10-22

TO: Jordan McDaniel, City of Statham

SUBJECT: Hillman Park Well Water Analyses

Samples were obtained on 2-14-22 from the lower zone of the well. The lab reports are attached. All parameters were under the allowable limits except for the following:

Turbidity was at 16 ntu; the allowable limit is 5 ntu.

Manganese was at 0.184 mg/L; the allowable limit is 0.05 mg/L.

Gross Alpha was at 3,132.1 pCi/l; the allowable limit is 15 pCi/l.

Radium 226 + Radium 228 was at 21.6 pCi/l; the allowable limit is 5 pCi/l.

Uranium was at 419.9 ppb; the allowable limit is 30 ppb.

The Calcium and Hardness, which have no limits, were high indicating that the water will be hard and may be undesirable to your customers.

The turbidity should decrease over time; the manganese is treatable. The uranium may be treatable, but the public perception and cost may be a hindrance.

I recommend capping the well and use in the future only if needed.



CITY OF STATHAM, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

September 6, 2022

To the Mayor and City Council  
CITY OF STATHAM  
Statham, Georgia

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the CITY OF STATHAM, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the CITY OF STATHAM'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, and each major fund of the CITY OF STATHAM, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule-General Fund listed in the table of contents 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.

The CITY OF STATHAM has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CITY OF STATHAM's basic financial statements. The accompanying supplementary information such as the accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2022 on our consideration of the CITY OF STATHAM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF STATHAM's internal control over financial reporting and compliance.

**CITY OF STATHAM, GEORGIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

**PRIMARY GOVERNMENT**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash	\$ 1,549,961	\$ 2,836,383	\$ 4,386,344
Receivables (net of allowance for uncollectibles)	695,108	79,612	774,720
Internal balances	2,258,799	(2,258,799)	-
Prepaid items	4,239	4,007	8,246
Restricted assets:			
Cash	18,506	166,871	185,377
Non-current assets:			
Capital assets:			
Capital assets not being depreciated	365,949	584,258	950,207
Capital assets being depreciated	2,989,722	9,809,008	12,798,730
Less: accumulated depreciation	(1,346,289)	(4,300,070)	(5,646,359)
Capital assets, net of depreciation	<u>2,009,382</u>	<u>6,093,196</u>	<u>8,102,578</u>
<b>TOTAL ASSETS</b>	<u><u>6,535,995</u></u>	<u><u>6,921,270</u></u>	<u><u>13,457,265</u></u>
<b>LIABILITIES</b>			
Accounts payable	40,656	-	40,656
Accrued interest payable	-	8,563	8,563
Other accrued items	45,594	-	45,594
Unearned revenue	530,093	-	530,093
Amounts held in trust	331,600	-	331,600
Customer Deposits	-	111,078	111,078
Noncurrent liabilities:			
Due within one year:			
Notes from direct borrowings	-	25,301	25,301
Capital leases payable	14,879	-	14,879
Revenue bonds payable	-	229,281	229,281
Due in more than one year:			
Notes payable	-	153,177	153,177
Capital leases payable	50,324	-	50,324
Revenue bonds payable	-	2,407,066	2,407,066
<b>TOTAL LIABILITIES</b>	<u>1,013,146</u>	<u>2,934,466</u>	<u>3,947,612</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,944,179	3,278,370	5,222,549
Restricted for:			
Capital outlay projects	948,459	-	948,459
Debt service	-	166,871	166,871
Public safety programs	18,506	-	18,506
Unrestricted	<u>2,611,705</u>	<u>541,563</u>	<u>3,153,268</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,522,849</u></u>	<u><u>\$ 3,986,804</u></u>	<u><u>\$ 9,509,653</u></u>

The accompanying notes are an integral part of this statement.



**CITY OF STATHAM, GEORGIA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	.....PROGRAM REVENUES.....				....NET (EXPENSE) AND CHANGES IN NET POSITION....		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 598,864	\$ 229,094	\$ 107,399	\$ -	\$ (262,371)	\$ -	\$ (262,371)
Judicial	49,264	-	-	-	(49,264)	-	(49,264)
Public safety	711,495	31,535	-	-	(679,960)	-	(679,960)
Public works	606,160	-	-	548,671	(57,889)	-	(57,889)
Public health and welfare	8,923	-	-	-	(8,923)	-	(8,923)
Recreation and culture	90,682	5,500	-	-	(85,182)	-	(85,182)
Housing and development	52,055	88,390	-	-	36,335	-	36,335
Interest	4,637	-	-	-	(4,637)	-	(4,637)
<b>Total Governmental Activities</b>	<b>2,122,080</b>	<b>354,519</b>	<b>107,399</b>	<b>548,671</b>	<b>(1,111,491)</b>	<b>-</b>	<b>(1,111,491)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Solid waste/recycling	-	20,796	-	-	-	20,796	20,796
Water and sewer	1,098,681	1,419,329	46,605	257,755	-	625,008	625,008
<b>Total Business-Type Activities</b>	<b>1,098,681</b>	<b>1,440,125</b>	<b>46,605</b>	<b>257,755</b>	<b>-</b>	<b>645,804</b>	<b>645,804</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,220,761</b>	<b>\$ 1,794,644</b>	<b>\$ 154,004</b>	<b>\$ 806,426</b>	<b>(1,111,491)</b>	<b>645,804</b>	<b>(465,687)</b>
<b>GENERAL REVENUES</b>							
Property taxes					351,331	-	351,331
Sales taxes					560,173	-	560,173
Insurance premium taxes					199,895	-	199,895
Franchise taxes					173,544	-	173,544
Alcohol beverage taxes					46,605	-	46,605
Real estate recording taxes					13,904	-	13,904
Other taxes					43,714	-	43,714
<b>Total taxes</b>					<b>1,389,166</b>	<b>-</b>	<b>1,389,166</b>
Unrestricted investment earnings					660	269	929
Gain(Loss) on sale of capital assets					105,663	-	105,663
<b>TRANSFERS</b>					<b>499,800</b>	<b>(499,800)</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>1,995,289</b>	<b>(499,531)</b>	<b>1,495,758</b>
<b>CHANGES IN NET POSITION</b>					<b>883,798</b>	<b>146,273</b>	<b>1,030,071</b>
<b>NET POSITION, Beginning</b>					<b>4,639,051</b>	<b>3,840,531</b>	<b>8,479,582</b>
<b>NET POSITION, Ending</b>					<b>\$ 5,522,849</b>	<b>\$ 3,986,804</b>	<b>\$ 9,509,653</b>

The accompanying notes are an integral part of this statement.

**CITY OF STATHAM, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	GENERAL	SPLOST	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash	\$ 488,714	\$ 1,061,247	\$ 1,549,961
Receivables (net of allowance for uncollectibles)	646,510	48,598	695,108
Interfund receivables	2,443,675	-	2,443,675
Prepaid items	4,240	-	4,240
Restricted assets:			
Cash	18,506	-	18,506
<b>TOTAL ASSETS</b>	<u>3,601,645</u>	<u>1,109,845</u>	<u>4,711,490</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 40,657	\$ -	\$ 40,657
Other accrued items	45,594	-	45,594
Interfund payables	23,490	161,386	184,876
Unearned revenue	530,093	-	530,093
Amounts held in trust	331,600	-	331,600
<b>TOTAL LIABILITIES</b>	<u>971,434</u>	<u>161,386</u>	<u>1,132,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	61,463	-	61,463
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>61,463</u>	<u>-</u>	<u>61,463</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>1,032,897</u>	<u>161,386</u>	<u>1,194,283</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditure	4,240	-	4,240
Restricted:			
Capital outlay projects	-	948,459	948,459
Public safety programs	18,506	-	18,506
Assigned:			
Next year's budget	647,609	-	647,609
Unassigned	1,898,393	-	1,898,393
<b>TOTAL FUND BALANCES</b>	<u>2,568,748</u>	<u>948,459</u>	<u>3,517,207</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 3,601,645</u>	<u>\$ 1,109,845</u>	<u>\$ 4,711,490</u>

The accompanying notes are an integral part of this statement.

**CITY OF STATHAM, GEORGIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**For the Year Ended June 30, 2021**

<b>Total Fund Balances for Governmental Funds (page 3)</b>		\$	3,517,207
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.			2,009,382
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.			
Property Taxes	61,463		61,463
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Capital leases	(65,203)		(65,203)
<b>Total net position of governmental activities (page 1)</b>		<b>\$</b>	<b><u>5,522,849</u></b>

DRAFT

The accompanying notes are an integral part of this statement.

**CITY OF STATHAM, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

REVENUES	GENERAL	SPLOST	TOTAL GOVERNMENTAL FUNDS
Taxes	\$ 1,398,973	\$ -	\$ 1,398,973
Licenses and permits	176,330	-	176,330
Intergovernmental	109,589	548,671	658,260
Fines and forfeitures	111,548	-	111,548
Charges for services	66,641	-	66,641
Contributions and donations	28,254	-	28,254
Investment income	139	521	660
<b>TOTAL REVENUES</b>	<u>1,891,474</u>	<u>549,192</u>	<u>2,440,666</u>
<b>EXPENDITURES</b>			
<b>Current Expenditures</b>			
General government	506,352	58	506,410
Judicial	49,266	-	49,266
Public safety	687,883	-	687,883
Public works	408,391	161,386	569,777
Public health and welfare	8,923	-	8,923
Culture and Recreation	90,682	-	90,682
Housing and development	52,055	-	52,055
Capital outlay	173,354	-	173,354
Debt service			
Principal	56,413	-	56,413
Interest	4,637	-	4,637
<b>TOTAL EXPENDITURES</b>	<u>2,037,956</u>	<u>161,444</u>	<u>2,199,400</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(146,482)</u>	<u>387,748</u>	<u>241,266</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of county property	145,243	-	145,243
Proceeds from Capital leases	79,618	-	79,618
Transfers in	824,000	-	824,000
Transfers out	-	(324,200)	(324,200)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,048,861</u>	<u>(324,200)</u>	<u>724,661</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>902,379</u>	<u>63,548</u>	<u>965,927</u>
<b>FUND BALANCES, Beginning of year</b>	<u>1,666,369</u>	<u>884,911</u>	<u>2,551,280</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 2,568,748</u>	<u>\$ 948,459</u>	<u>\$ 3,517,207</u>

The accompanying notes are an integral part of this statement.

**CITY OF STATHAM, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

Net change in fund balances (page 5) \$ 965,927

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	173,354	
Depreciation expense	(152,449)	
		20,905

In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

Net book value of capital assets disposed of	(39,580)	
		(39,580)

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

Property taxes	61,463	
		61,463

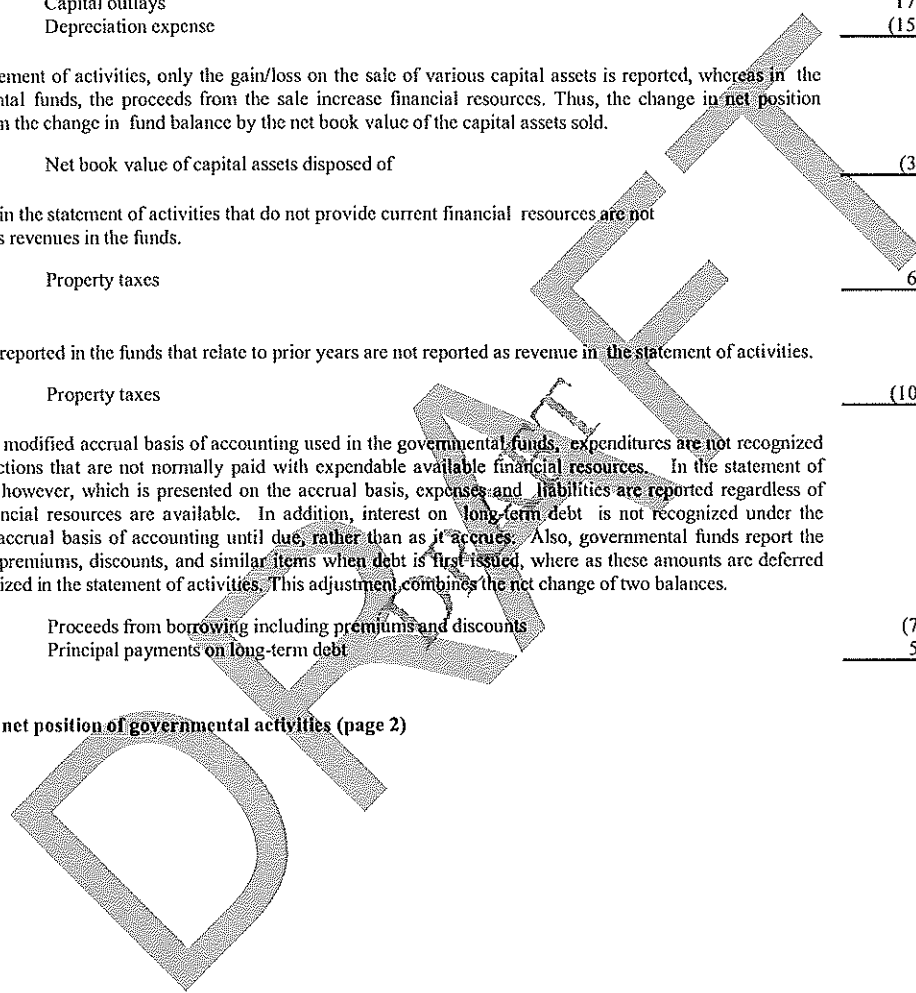
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.

Property taxes	(101,713)	
		(101,713)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.

Proceeds from borrowing including premiums and discounts	(79,618)	
Principal payments on long-term debt	56,414	
		(23,204)

Changes in net position of governmental activities (page 2) \$ 883,798



**CITY OF STATHAM, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

**BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS**

ASSETS	WATER & SEWER FUND	SOLID WASTE FUND	TOTAL
<b>Current Assets</b>			
Cash	\$ 2,836,383	\$ -	\$ 2,836,383
Receivables (net of allowance for uncollectibles)	79,612	-	79,612
Interfund receivables	-	561,350	561,350
Prepaid items	4,008	-	4,008
Restricted assets:			
Cash	166,871	-	166,871
<b>TOTAL CURRENT ASSETS</b>	<u>3,086,874</u>	<u>561,350</u>	<u>3,648,224</u>
<b>Noncurrent Assets</b>			
Capital assets			
Capital assets not being depreciated	584,258	-	584,258
Capital assets being depreciated	9,809,008	-	9,809,008
Less: accumulated depreciation	<u>(4,300,070)</u>	<u>-</u>	<u>(4,300,070)</u>
<b>TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>	<u>6,093,196</u>	<u>-</u>	<u>6,093,196</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>6,093,196</u>	<u>-</u>	<u>6,093,196</u>
<b>TOTAL ASSETS</b>	<u>9,180,070</u>	<u>561,350</u>	<u>9,741,420</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>9,180,070</u>	<u>561,350</u>	<u>9,741,420</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued interest	8,563	-	8,563
Interfund payables	2,380,723	439,426	2,820,149
Notes from direct borrowings	25,301	-	25,301
Revenue bonds payable	229,281	-	229,281
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,643,868</u>	<u>439,426</u>	<u>3,083,294</u>
<b>Noncurrent Liabilities</b>			
Customer deposits	111,078	-	111,078
Notes from direct borrowings	153,177	-	153,177
Revenue bonds payable	2,407,067	-	2,407,067
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>2,671,322</u>	<u>-</u>	<u>2,671,322</u>
<b>TOTAL LIABILITIES</b>	<u>5,315,190</u>	<u>439,426</u>	<u>5,754,616</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u>5,315,190</u>	<u>439,426</u>	<u>5,754,616</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,278,370	-	3,278,370
Restricted for debt service	166,871	-	166,871
Unrestricted	419,639	121,924	541,563
<b>TOTAL NET POSITION</b>	<u>\$ 3,864,880</u>	<u>\$ 121,924</u>	<u>\$ 3,986,804</u>

The accompanying notes are an integral part of this statement.

**CITY OF STATHAM, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2021**

**BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS**

	WATER & SEWER FUND	SOLID WASTE FUND	TOTAL
<b>OPERATING REVENUES</b>			
Charges for sales and services:			
Pledged as security for revenue bonds:			
Charges for services	\$ 1,334,755	\$ -	\$ 1,334,755
Charges for services	-	20,796	20,796
Other operating revenue			
Connection fees	11,050	-	11,050
Other	72,106	-	72,106
Miscellaneous Income	1,418	-	1,418
Total Operating Revenues	<u>1,419,329</u>	<u>20,796</u>	<u>1,440,125</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	91,229	-	91,229
Supplies	24,770	-	24,770
Other services and charges	100,069	-	100,069
Depreciation	223,169	-	223,169
Repairs and maintenance	61,234	-	61,234
Utilities	33,249	-	33,249
Water purchases	462,628	-	462,628
Other operating expenses	884	-	884
Total Operating Expenses	<u>997,232</u>	<u>-</u>	<u>997,232</u>
OPERATING INCOME	<u>422,097</u>	<u>20,796</u>	<u>442,893</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	269	-	269
Interest expense	(101,449)	-	(101,449)
Total Nonoperating Revenues (Expenses)	<u>(101,180)</u>	<u>-</u>	<u>(101,180)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>320,917</u>	<u>20,796</u>	<u>341,713</u>
Water connection fees	139,255	-	139,255
Sewer connection fees	118,500	-	118,500
Developers - Cash	46,605	-	46,605
Transfer in	330,200	-	330,200
Transfer out	(830,000)	-	(830,000)
<b>CHANGE IN NET POSITION</b>	<u>125,477</u>	<u>20,796</u>	<u>146,273</u>
<b>TOTAL NET POSITION, Beginning of year</b>	<u>3,739,403</u>	<u>101,128</u>	<u>3,840,531</u>
<b>TOTAL NET POSITION, End of year</b>	<u>\$ 3,864,880</u>	<u>\$ 121,924</u>	<u>\$ 3,986,804</u>

The accompanying notes are an integral part of this statement.

**CITY OF STATHAM, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2021**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	WATER & SEWER FUND	SOLID WASTE FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customer	\$ 1,421,097	\$ 20,796	\$ 1,441,893
Payments to suppliers	(35,438)	(20,796)	(56,234)
Payments to employees	(71,548)		(71,548)
Net cash provided by (used in) operating activities	<u>1,314,111</u>	<u>-</u>	<u>1,314,111</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	<u>(830,000)</u>	<u>-</u>	<u>(830,000)</u>
Net Cash provided (used) by non-capital financing activities	<u>(830,000)</u>	<u>-</u>	<u>(830,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(27,970)	-	(27,970)
Payments from other governments/developers	46,605	-	46,605
Water/Sewer tap fees in excess of cost	257,755	-	257,755
Transfers in/out	330,200	-	330,200
Principal payments on debt	(227,507)	-	(227,507)
Interest paid	(111,267)	-	(111,267)
Net cash provided by (used in) capital and related financing activities	<u>267,816</u>	<u>-</u>	<u>267,816</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	269	-	269
Net cash provided by (used in) investing activities	<u>269</u>	<u>-</u>	<u>269</u>
Net increase (decrease) in cash and cash equivalents	752,196	-	752,196
CASH, Beginning of year	<u>2,251,058</u>	<u>-</u>	<u>2,251,058</u>
CASH, End of year	<u>\$ 3,003,254</u>	<u>\$ -</u>	<u>\$ 3,003,254</u>
<b>RECONCILIATION OF CASH</b>			
Cash	\$ 2,836,383	\$ -	\$ 2,836,383
Restricted Cash	166,871	-	166,871
Total Cash	<u>\$ 3,003,254</u>	<u>\$ -</u>	<u>\$ 3,003,254</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 422,097	\$ 20,796	\$ 442,893
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	223,169	-	223,169
(Increase) decrease in:			
Accounts receivable	1,768	-	1,768
Increase (decrease) in:			
Customer deposits	19,681	-	19,681
Interfund balances	647,396	(20,796)	626,600
Net cash provided by (used in) operating activities	<u>\$ 1,314,111</u>	<u>\$ -</u>	<u>\$ 1,314,111</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>			
Amortization of premium on bonds payable	\$ 9,281	\$ -	\$ 9,281

The accompanying notes are an integral part of this statement.



**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Statham (the "City") have been prepared in conformity with generally accepted accounting principles (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 government's accounting policies are described below.

**(A) REPORTING ENTITY**

The reporting entity consists of the following:

- The primary government;
- Organizations for which the primary government is financially accountable;

For financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP.

The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the City's operation, and accordingly, data from these units are combined with data of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The City has no component units that meet the criteria for component units requiring discrete presentation in the primary governmental financial reporting entity.

**(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 any component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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 and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal year for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed with the exception of federal and state grant revenue, which has a 12 month availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

The City reports the following major governmental funds:

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

The *SPLOST Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The City reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Solid Waste Fund* is used to account for fees collected and the management of solid waste facilities and services. Activities of the fund include administration, operations and maintenance of the solid waste utility system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for solid waste utility system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

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

**(D) ASSETS, LIABILITIES AND NET POSITION OR EQUITY**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits that are not restricted, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

***Receivables and Payables***

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

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

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of July 31. Taxes are normally levied by October 10th of each year. The 2021 property taxes were levied October 10, 2019, and were due December 31, 2019. The taxes are subject to lien after March 31, 2021. Interest and penalties are assessed on taxes not paid by this date.

The City's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the City.

The City's tax levy is recognized as revenue when levied and uncollected taxes are recorded as unavailable revenue in the general fund.

***Inventories and Prepaid Items***

Materials purchased and expendable supplies are shown as expenditures in governmental funds and expenses in proprietary funds when acquired and are not inventoried at year end because the amounts are not considered to be material.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

***Restricted Assets***

Certain restricted deposits and investments may be held by the General Fund. These funds are held in cash and/or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair value and the City records all investment revenue earned on these investments in the appropriate fund.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, 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 \$2,000 and an estimated useful life in excess of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, or the appraised value at the time of the donation.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Interest was not capitalized during 2021.

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

Buildings & Improvements	20-50 years
Infrastructure - Distribution Systems	20-50 years
Machinery and equipment	5-9 years
Vehicles	3-5 years

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any type of item that qualifies for reporting in this category.

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

***Compensated Absences***

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

***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, or proprietary fund type statement of net position. Debt issuance costs are included in their entirety in expenditures/expenses in the year they are incurred.

***Bond Premiums and Discounts***

Premiums and discounts are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

***Fund Equity/Net Position***

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

***Fund balance*** - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 the 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 like inventories and prepaid items) 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 City Council through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the the City Council must adopt another resolution.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

*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 City Council has authorized the City Administrator to assign fund balances.

*Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

*Net Position* - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

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



**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

*Net Investment in Capital Assets*

The "net investment in capital assets" reported on the government-wide statement of net position as of June 30, 2021 are as follows:

Net investment in capital assets:	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 3,355,671	\$ 10,393,266
Accumulated depreciation	(1,346,289)	(4,300,070)
Net book value	2,009,382	6,093,196
Capital leases related debt	(65,203)	
Revenue bonds related to capital assets	-	(2,636,348)
Notes payable related to capital assets		(178,478)
Net investment in capital assets	<u>\$ 1,944,179</u>	<u>\$ 3,278,370</u>

*Management Estimates*

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

*Allocation of Indirect Cost*

The City allocates indirect costs for general government services, such as finance, personnel, purchasing, legal, technology, management, etc., to its business-type activities. Allocations are charged to programs based on use of general government services determined by various allocation methodologies. These charges are separately reported in the statement of activities.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports \$966,965 of restricted net position, of which none is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:	
General Fund	
<i>Police Confiscation</i> - For monies restricted for public safety purposes.	\$ 18,506
SPLOST Fund	
<i>SPLOST</i> - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum	\$ 948,459
	<u>                    </u>
Total Restricted Fund Balance	<u><u>\$ 966,965</u></u>
Assigned:	
General Fund	
Appropriated as a resource in next year's budget	\$ 647,609
Total Assigned Fund Balance	<u><u>\$ 647,609</u></u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, and any Debt Service Fund and Special Revenue Funds. Project-length budgets are adopted for capital projects funds. Budgets for planning and management purposes only are adopted for the Proprietary (Enterprise) Funds on a GAAP basis, except that long-term debt borrowings are budgeted as revenues and depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Mayor and City Council. Some individual revisions were material in relation to the original appropriations.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

***Budgeting Policy***

The City prepares annual budgets based on anticipated revenues and appropriated expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to June 30 of each year, the budget is legally enacted by passage of an ordinance for the City's operating funds. Amendments to the budget must be approved by the City Council. Budgets of the General, Capital Project, Special Revenue, and Proprietary Funds are adopted in a basis consistent with generally accepted accounting principles (GAAP).

***Basis for Budgeting***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and benefits, purchased/contracted services, supplies, other, and capital outlay. The legal level of budgetary control is the department level. Budget revisions at this level are subject to review and approval by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year. All unexpended annual appropriations lapse at year end.

***Encumbrances***

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General, Special Revenue, or Proprietary Funds. The City of Statham has no recorded encumbrances at June 30, 2021.

**(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS**

There are no excesses of expenditures over appropriations at the department level (the legal level of control).

**(C) DEFICIT FUND EQUITY**

At June 30, 2021, no funds had deficit fund equity.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 4 - DEPOSITS AND INVESTMENTS

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The City has no investment policy that would further limit its investment choices. At June 30, 2021, the ratings of its investments are shown above.

*Concentration of credit risk.* The City places no limit on the amount it may invest in any one issuer.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk.

*Custodial credit risk - deposits.* In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured. As of June 30, 2021, all of the City's deposits were insured or were adequately collateralized with securities held by the pledging financial institution's name.

As of June 30, 2021, the City's bank balance of \$4,546,088 was adequately collateralized with securities held by the pledging financial institution's name.

Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately. State statutes require collateral pledged in the amount of 110% of deposits.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

Under the *pooled method*, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

The City utilized both methods to secure deposits of public funds.

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the City's individual major funds and enterprise funds are summarized below:

	General Fund	SPLOST Fund	Water & Sewer Fund
Receivables:			
Property Taxes	\$ 64,703	\$ -	\$ -
Accounts	-	-	82,959
Intergovernmental	581,807	48,598	-
Total Gross Receivables	646,510	48,598	82,959
Less: Allowance for Uncollectibles	-	-	(3,347)
Total Net Receivables	<u>\$ 646,510</u>	<u>\$ 48,598</u>	<u>\$ 79,612</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes (General Fund)	\$ 61,463	\$ -
Grant drawdowns prior to meeting all eligibility requirements (General Fund)	-	530,093
Total unavailable/ unearned revenue for governmental funds	<u>\$ 61,463</u>	<u>\$ 530,093</u>

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

Property taxes receivable at June 30, 2021, consist of the following:

<u>Digest Year</u>	<u>General Fund</u>
2020	\$ 14,462
2019	6,280
2018	4,642
2017	3,705
2016	3,117
2015	4,365
2014	3,470
2013	3,625
2012	1,863
2011	1,553
2010	1,626
Penalties	1,846
Interest	14,149
Total	<u>\$ 64,703</u>

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**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfer</u>	<u>Ending Balance</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 385,949	\$ -	\$ (20,000)	\$ -	\$ 365,949
Total non-depreciable capital assets	<u>385,949</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>365,949</u>
Depreciable Assets:					
Buildings and improvements	570,657	-	-	-	570,657
Machinery and Vehicles	615,911	173,354	(26,700)	-	762,565
Infrastructure	<u>1,656,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,656,500</u>
Total depreciable capital assets	<u>2,843,068</u>	<u>173,354</u>	<u>(26,700)</u>	<u>-</u>	<u>2,989,722</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(319,717)	(22,274)	-	-	(341,991)
Machinery and Vehicles	(456,177)	(97,045)	7,120	-	(546,102)
Infrastructure	<u>(425,066)</u>	<u>(33,130)</u>	<u>-</u>	<u>-</u>	<u>(458,196)</u>
Total accumulated depreciation	<u>(1,200,960)</u>	<u>(152,449)</u>	<u>7,120</u>	<u>-</u>	<u>(1,346,289)</u>
Total depreciable capital assets, net	<u>1,642,108</u>	<u>20,905</u>	<u>(19,580)</u>	<u>-</u>	<u>1,643,433</u>
Governmental activities capital assets, net	<u>\$ 2,028,057</u>	<u>\$ 20,905</u>	<u>\$ (39,580)</u>	<u>\$ -</u>	<u>\$ 2,009,382</u>

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

Additions to governmental activities capital assets for fiscal year ending June 30, 2021 consist of the following:

Capital Outlay	\$	<u>173,354</u>
Total Additions	\$	<u><u>173,354</u></u>
Depreciable capital assets additions	\$	<u>173,354</u>
Total Additions	\$	<u><u>173,354</u></u>

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

Governmental Activities:		
General Government	\$	92,453
Public Safety		23,611
Public Works		36,385
Culture and Recreation		-
Total depreciation expense: Governmental Activities	\$	<u><u>152,449</u></u>

Capital asset activity for business-type funds for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 525,753	\$ -	\$ -	\$ -	\$ 525,753
Construction in progress	<u>58,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,505</u>
Total non-depreciable capital assets	<u>584,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,258</u>
Depreciable Assets:					
Buildings and improvements	41,898	-	-	-	41,898
Distribution systems	9,255,390	27,970	-	-	9,283,360
Machinery and Vehicles	<u>483,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,750</u>
Total depreciable capital assets	<u>9,781,038</u>	<u>27,970</u>	<u>-</u>	<u>-</u>	<u>9,809,008</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(24,042)	(1,047)	-	-	(25,089)
Distribution Systems	(3,594,249)	(204,147)	-	-	(3,798,396)
Machinery and Vehicles	<u>(458,610)</u>	<u>(17,975)</u>	<u>-</u>	<u>-</u>	<u>(476,585)</u>
Total accumulated depreciation	<u>(4,076,901)</u>	<u>(223,169)</u>	<u>-</u>	<u>-</u>	<u>(4,300,070)</u>
Total depreciable capital assets, net	<u>5,704,137</u>	<u>(195,199)</u>	<u>-</u>	<u>-</u>	<u>5,508,938</u>
Business-type activities capital assets, net	<u><u>\$ 6,288,395</u></u>	<u><u>\$ (195,199)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,093,196</u></u>



**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

Depreciation expense was charged to business-type functions as follows:

<b>Business-type Activities:</b>	
Water	\$ 95,852
Solid Waste	127,317
Total depreciation expense: Business-type Activities	<u>\$ 223,169</u>

The City has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to June 30, 2021, and the remainder of the authorized project expenditures for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Source</u>
<b>Business-type Activities</b>					
Barber Creek Sewer Improvements	\$ 58,505	\$ 58,505	\$ -	\$ -	Water & Sewer Fund
<b>Total Business-type Activities</b>	<u>\$ 58,505</u>	<u>\$ 58,505</u>	<u>\$ -</u>	<u>\$ -</u>	

**NOTE 7 - LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<b>Governmental Activities:</b>						
Capital leases	\$ 41,999	\$ 79,618	\$ (56,414)	\$ 65,203	\$ 14,879	\$ 50,324
Governmental activities long-term liabilities	<u>\$ 41,999</u>	<u>\$ 79,618</u>	<u>\$ (56,414)</u>	<u>\$ 65,203</u>	<u>\$ 14,879</u>	<u>\$ 50,324</u>
<b>Business-type Activities:</b>						
Revenue bonds	\$ 2,740,000	\$ -	\$ (215,000)	\$ 2,525,000	\$ 220,000	\$ 2,305,000
Add: Original Issue Premiums	120,628	-	(9,281)	111,347	9,281	102,066
Total Revenue Bonds	2,860,628	-	(224,281)	2,636,347	229,281	2,407,066
Notes from direct borrowings	190,985	-	(12,507)	178,478	25,301	153,177
Business-type activities long-term liabilities	<u>\$ 3,051,613</u>	<u>\$ -</u>	<u>\$ (236,788)</u>	<u>\$ 2,814,825</u>	<u>\$ 254,582</u>	<u>\$ 2,560,243</u>

Capital leases are generally liquidated by the General Fund and notes payable are generally liquidated by the SPLOST fund. The capital leases and notes from direct borrowings for business type activities are liquidated by the Water & Sewer enterprise fund.

**CAPITAL LEASES**

Vehicles were acquired under capital lease agreements which bear interest rates from 3.25% to 5.03%. The vehicles have an estimated useful life of five years.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

This year, \$60,160 was included in depreciation expense. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimal lease payments as of the inception date. Minimum future lease obligations for these leases, as of June 30, 2021, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 14,879	\$ 3,478	\$ 18,357
2023	15,789	2,568	18,357
2024	16,755	1,603	18,358
2025	17,780	577	18,357
Total	<u>\$ 65,203</u>	<u>\$ 8,226</u>	<u>\$ 73,429</u>

As of June 30, 2021, the capital assets purchased under these capital lease agreements are as follows:

	<u>Governmental Activities</u>
Vehicles & equipment	\$ 300,801
Less accumulated depreciation	<u>(237,107)</u>
Net	<u>\$ 63,694</u>

**BUSINESS TYPE ACTIVITIES**

As of June 30, 2021, the the long-term debt payable from proprietary fund resources consisted of the items described below.

**REVENUE BONDS**

The City issued revenue bonds to provide funds for the construction and expansion of the Water & Sewer System. The revenue bonds were issued in fiscal year 2012 in the original amount of \$4,265,000 with a variable interest rate range of 2.00% - 5.00%.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

Minimum future annual debt service requirements for the general obligation bonds, as of June 30, 2021, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 220,000	\$ 102,750	\$ 322,750
2023	220,000	96,150	316,150
2024	230,000	89,550	319,550
2025	240,000	80,350	320,350
2026	250,000	80,350	330,350
2027-2031	1,170,000	205,000	1,375,000
2032-2033	195,000	14,750	209,750
Total	<u>\$ 2,525,000</u>	<u>\$ 668,900</u>	<u>\$ 3,193,900</u>

**NOTES FROM DIRECT BORROWINGS**

In 2015, the City obtained a GEFA construction note payable in the original amount of \$258,100. Upon completion of construction, the total draws on this construction note were \$240,073. Debt payments are due in monthly installments of \$2,320, with an interest rate of 1.52% and final maturity dated June 1, 2027. The note payable was used to finance the improvement and expansion of the City's water system. As of June 30, 2021, the outstanding balance was \$178,478.

The annual debt service requirements to amortize this debt as of June 30, 2021, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 25,301	\$ 2,537	\$ 27,838
2023	25,688	2,150	27,838
2024	26,081	1,757	27,838
2025	26,480	1,357	27,837
2026	26,885	952	27,837
2027-2028	48,043	1,213	49,256
Total	<u>\$ 178,478</u>	<u>\$ 9,966</u>	<u>\$ 188,444</u>

The City's outstanding notes from direct borrowings related to business-type activities are secured by the City's full faith and credit and revenue-raising power (including its taxing power). The outstanding notes from direct borrowings related to business-type activities contain a provision that if the City is unable to make its payment, outstanding amounts are due immediately. The City's outstanding notes from direct borrowings do not contain a subjective acceleration clause.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 8- INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2021, is as follows:

	Due From				
Due To	General	SPLOST	Water & Sewer Fund	Solid Waste Fund	Total
General	\$ -	\$ 161,386	\$ 1,842,863	\$ 439,426	\$ 2,443,675
SPLOST	-	-	-	-	-
Water and Sewer Fund	-	-	-	-	-
Solid Waste Fund	23,490	-	537,860	-	561,350
Total	<u>\$ 23,490</u>	<u>\$ 161,386</u>	<u>\$ 2,380,723</u>	<u>\$ 439,426</u>	<u>\$ 3,005,025</u>

These balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates that transactions are recorded in the accounting system, (3) the time lag between the dates that payments between funds are made, (4) short-term loans, and (5) to fund capital projects.

Interfund transfers as of the year ended June 30, 2021 are as follows:

	Transfers Out	
Transfers In	Water & Sewer Fund	Total
General Fund	\$ 824,000	\$ 824,000
Water & Sewer Fund	6,000	6,000
Total	<u>\$ 830,000</u>	<u>\$ 830,000</u>

Transfers are used to supplement operating budgets and fund capital projects.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 9 - RETIREMENT PLANS

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. Employees are eligible to participate in the plan after one year and having at least 1,000 hours of continuous service. The City will match employee contributions up to five percent (5%) of the employee's annual compensation not to exceed \$7,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the City and are not reported in these financial statements. The City contribution for fiscal year 2021 was \$18,678.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks in terms of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) 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 funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to any any claim 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 claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the members governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost 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 of defense.

The city retains the fist \$2,500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA and GIRMA bills the City for any risk of loss up to the \$2,500 deductible.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

There were no significant reductions in insurance coverage from the prior year, and there have been no settled claims and in the past three years have not exceeded coverage.

NOTE 11 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

The City of Statham was not involved in any significant related party transactions during the current operating year.

NOTE 12 - LITIGATION

The City is a party to legal proceedings that normally occur in governmental operations. The results of any litigation, contain elements of uncertainty, and liability, if any, which might result from these proceedings, would not, in the opinion of management, have a material adverse effect on the ability of the City to meet its financial obligations. Accordingly, no provision for loss has been recorded.

In May 2020 and November 2020, the Georgia Superior Court entered judgments in favor of two Plaintiffs, one a private citizen and one a former employee of the City, in the amounts of \$75,000 and \$36,680, respectively. After payments by the City's insurance carrier, the City paid the remainder owed to Plaintiffs of \$25,000 in fiscal year 2020 and \$18,000 in fiscal year 2021.

NOTE 13 - CERTAIN SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Several of the estimates qualified as a significant estimate, in that it is reasonably possible that the estimate will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

The estimate for accumulated depreciation on capital assets qualifies as a significant estimate. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method.

**CITY OF STATHAM, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

NOTE 14 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the twelve (12) county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City did not pay annual dues to the NEGRC for the year ended June 30, 2021; the City's membership dues were assessed and paid by Barrow County, Georgia. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NEGRC may be obtained from: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

NOTE 15 - COVID-19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacted many industries. The outbreak could have a continues material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any predication as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

**CITY OF STATHAM, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2021**  
**(Required Supplementary Information)**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 1,666,369	\$ 1,666,369	\$ 1,666,369	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	1,222,300	1,272,695	1,398,973	126,278
Licenses and permits	139,100	96,400	176,330	79,930
Intergovernmental	2,500	107,900	109,589	1,689
Fines and forfeitures	135,000	70,000	111,548	41,548
Charges for services	33,720	35,650	66,641	30,991
Contributions and donations	-	20,750	28,254	7,504
Investment income	50	50	139	89
Sale of county property	6,000	150,000	145,243	(4,757)
Capital lease issued	-	79,618	79,618	-
Transfers in	-	-	824,000	824,000
Total Resources (Inflows)	<u>1,538,670</u>	<u>1,833,063</u>	<u>2,940,335</u>	<u>1,107,272</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,205,039</u>	<u>3,499,432</u>	<u>4,606,704</u>	<u>1,107,272</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>Current Expenditures</b>				
<b>General Government</b>				
Elections	-	1,800	1,782	18
City Hall	529,450	443,173	440,765	2,408
Accounting	29,000	64,050	63,805	245
Total General Government	<u>558,450</u>	<u>509,023</u>	<u>506,352</u>	<u>2,671</u>
<b>Judicial</b>				
Superior court	59,370	49,295	49,266	29
Total Judicial	<u>59,370</u>	<u>49,295</u>	<u>49,266</u>	<u>29</u>
<b>Public Safety</b>				
Police	646,270	903,777	874,025	29,752
Total Public Safety	<u>646,270</u>	<u>903,777</u>	<u>874,025</u>	<u>29,752</u>
<b>Public Works</b>				
Public works administration	471,850	378,881	332,348	46,533
Public works	126,350	167,960	124,305	43,655
Total Public Works	<u>598,200</u>	<u>546,841</u>	<u>456,653</u>	<u>90,188</u>
<b>Public Health and Welfare</b>				
Community center	17,500	13,500	8,923	4,577
Total Public Health and Welfare	<u>17,500</u>	<u>13,500</u>	<u>8,923</u>	<u>4,577</u>
<b>Culture and Recreation</b>				
Library	79,960	82,700	80,478	2,222
Other recreation and culture	21,200	14,200	10,204	3,996
Total Culture and Recreation	<u>101,160</u>	<u>96,900</u>	<u>90,682</u>	<u>6,218</u>
<b>Housing and development</b>				
Building inspection	83,600	72,000	52,055	19,945
Total Housing and Development	<u>83,600</u>	<u>72,000</u>	<u>52,055</u>	<u>19,945</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>2,064,550</u>	<u>2,191,336</u>	<u>2,037,956</u>	<u>168,748</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(525,880)</u>	<u>(358,273)</u>	<u>902,379</u>	<u>1,260,652</u>
FUND BALANCE, End of year	<u>\$ 1,140,489</u>	<u>\$ 1,308,096</u>	<u>\$ 2,568,748</u>	<u>\$ 1,260,652</u>

**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

1. The budgetary basis of accounting used in this schedule is the same as GAAP.



CITY OF STATHAM, GEORGIA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX  
 For the Year Ended June 30, 2021

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES	
			PRIOR YEARS	CURRENT YEAR
<b>Barrow County - 2006 SPLOST</b>				
Road Improvements	\$ 600,000	\$ 600,000	\$ 416,201	\$ 45,735
Subtotal - 2008 SPLOST	<u>600,000</u>	<u>600,000</u>	<u>416,201</u>	<u>45,735</u>
<b>Barrow County - 2012 SPLOST</b>				
Water & Sewer System Improvements, Facilities and Equipment	1,405,980	1,405,980	654,835	439,909
Subtotal - 2012 SPLOST	<u>1,405,980</u>	<u>1,405,980</u>	<u>654,835</u>	<u>439,909</u>
<b>Barrow County - 2018 SPLOST</b>				
Water & Sewer System Improvements, Facilities and Equipment	854,691	854,691	-	-
Road, Street, Curb, and Sidewalk Projects	854,691	854,691	-	-
Subtotal - 2018 SPLOST	<u>1,709,382</u>	<u>1,709,382</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>\$ 3,715,362</u>	<u>\$ 3,715,362</u>	<u>\$ 1,071,036</u>	<u>485,644</u>
			<b>Total of all SPLOSTs above</b>	<u>\$ 485,644</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (page 5)

Expenditures	\$ 161,444
Transfers out	324,200
<b>Total</b>	<u>\$ 485,644</u>

DRAFT

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*

September 6, 2022

To the Mayor and City Council  
City of Statham  
Statham, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Statham, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Statham's basic financial statements and have issued our report thereon dated September 6, 2022.

**Internal Control Over Financial Reporting**

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

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

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

described below:

**2021-001 Statement of Condition:**

During fieldwork, we noted that prior-year accrued receivable were not reversed and current-year accrued receivable balances were not properly reflected at year end. Aggregate adjustments of \$148,925 and 235,156 were necessary to correctly reverse prior-year and record current-year accrued receivables at year-end, respectively.

**Criteria:**

To ensure proper controls period cut-off are in place to avoid material misstatements at year-end.

**Effect of Condition:**

The risk of materially misstating assets and revenue.

**Cause of Condition:**

Procedures performed for year-end do not include adjustments to accrued accounts receivable.

**Recommendation:**

We recommend the City implement review processes to ensure that year-end adjustments are recorded in agreement with Generally Accepted Accounting Principles.

**Response:**

**2021-002 (Reissued) Statement of Condition:**

During fieldwork, we noted significant adjustments were necessary to correct cash balances. In total, aggregate corrections of \$18,022 and \$219,480 were recorded to the General Fund and SPLOST fund cash accounts, respectively. We also noted that reconciled balances are inaccurate due to uncleared reconciling transactions in the accounting system; the net aggregate amount of these reconciling items are (\$5,333,674), (\$108,756), and \$1,849,479 in the General Fund, SPLOST Fund, and Water & Sewer Fund, respectively.

**Criteria:**

To ensure an accurate cash balance in the accounting books, a bank reconciliation should be performed and reviewed monthly to determine all valid outstanding items are included and cleared.

**Effect of Condition:**

The risk of misappropriation of cash increases when cash is not correctly reconciled to bank statements.

**Cause of Condition:**

Adjustments made in previous periods have been included as outstanding transactions on bank reconciliations in the system in addition to being recognized in the general ledger.

**Recommendation:**

We recommend that the City work clear all reconciling items that are not related to identified

outstanding checks or deposits in transit from the bank reconciliations. .

**Response:**

**2021-003 Statement of Condition:**

During fieldwork, we noted that the City did not record proceeds related to the financed purchase of Police capital vehicles and equipment.

**Criteria:**

To ensure an accurate balances in the accounting records, all amounts should be recorded in the general ledger.

**Effect of Condition:**

Capital outlay is understated due to failure to record new debt agreements.

**Cause of Condition:**

The City did not properly account for all new debt agreements.

**Recommendation:**

We recommend that the City implement a review process where all approved contracts are recognized and recorded timely.

**Response:**

**2021-004 Statement of Condition:**

From review of documented processes, appropriate segregation of duties does not exist among key operational functions in the City. Responsibilities for entering/editing records in the system and processing payments for both payroll and accounts payable functions should not be held by the same individual.

**Criteria:**

Internal controls should be in place which provide reasonable assurance that an individual can not misappropriate funds without such actions being detected during the normal course of business.

**Effect of Condition:**

Failure to properly segregate duties among the custody, approval, and reporting functions of operations can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

**Cause of Condition:**

This is caused by the limited number of employees working for the City.

**Recommendation:**

We recommend the City segregate duties related to the custody, approval, and reporting functions of operations, specifically in the Accounts Payable and Payroll processes.

**Response:**

**2021-005 (Re-issued) Statement of Condition:**

During testing, we noted that 3 of the 25 checks selected for review did not have check copies or supporting invoices.

**Criteria:**

To ensure proper internal controls and expenditures are paid correctly, goods or services should be documented as received before invoices are paid and then the appropriate support should be attached to the invoice and kept as proof of payment.

**Effect of Condition:**

The risk of loss from misplacement or misappropriation increases if proper support is not documented.

**Cause of Condition:**

Proper documentation was not maintained by the City.

**Recommendation:**

To ensure proper internal controls, once invoices are paid, the invoice, purchase order (if applicable), and copy of check should be kept as proper support that the invoice has been paid and paid properly. For instances of reimbursement, a copy of the original receipt and any reimbursement form submitted should also be kept as additional supporting documentation.

**Response:**

**2021-006 Statement of Condition:**

During testing, we noted 13 of the 25 paychecks selected for review did not have supporting information reflecting the approved payrate for the employee.

**Criteria:**

In order to ensure proper internal controls, employee pay rates changes should be properly documented and entered into the payroll system when approved.

**Effect of Condition:**

The risk of personnel costs exceeding the City's approved amounts.

**Cause of Condition:**

Client does not maintain current employee files for all City employees.

**Recommendation:**

We recommend that all employee records are kept up to date and properly reflect the accurate wages earned by the employees.

**Response:**

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Statham's financial statements are free of 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 statements. 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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **City of Statham's Response to Findings**

The City of Statham's responses to the findings identified in our audit are described above. The City of Statham's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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