

**CITY OF STATHAM, GEORGIA**

**Basic Financial Statements**

**For the Fiscal Year Ended June 30, 2014**

**HUBERT A. BRISCOE, CPA**

**Certified Public Accountant**

**P. O. Box 531**

**Winder, Georgia 30680-0531**

**City of Statham, Georgia**  
**Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Table of Contents**

<b>Financial Section</b>	<b>Page</b>
Auditors' Report	1
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	14
Statement of Activities	15
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	20
<b>Proprietary Funds</b>	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Fund Net Position	23
Statement of Cash Flows	24
<b>Notes to the Financial Statements</b>	26
<b>Supplemental Statements</b>	
<b>Individual Fund Statements</b>	
<b>Governmental Funds</b>	
Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Special Revenue)	47
<b>Proprietary Funds</b>	
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual (Water & Sewer)	48
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual (Solid Waste)	49
<b>Special Schedules and Reports</b>	
Schedule of Project Expenditures with Special Purpose Local Option Sales Tax	51
Auditors' Report - Compliance and Internal Control over Financial Reporting	52

HUBERT A. BRISCOE, CPA

*Certified Public Accountant*

P. O. Box 531

47 North Center Street

Winder, Georgia 30680-0531

Office (770) 867-1270 / Fax (770) 867-8798

AICPA MEMBER AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

CPA MEMBER GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council Members  
City of Statham, Georgia 30666

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and remaining fund information of the City of Statham, Georgia, as of and for the fiscal year ended June 30, 2014, and the relative notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and remaining fund information of the City of Statham, Georgia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 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 supplemental 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 response to our inquiries, the basic financial statements, and the 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 the sufficient evidence to express an opinion or provide any assurance.


### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Statham, Georgia's basic financial statements. The individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Purpose Local Option Sales Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Purpose Local Option Sales Tax are 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Purpose Local Option Sales Tax is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of the City of Statham, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed with *Government Auditing Standards* in considering City of Statham, Georgia's internal control over financial reporting and compliance.

  
**HUBERT A. BRISCOE, CPA**  
Winder, Georgia 30680-0530  
December 30, 2014

**City of Statham, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the City of Statham, Georgia (City) basic financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government. Unless otherwise noted component units, related organization and joint ventures reported separately from the primary government are not included.

**Financial Highlights**

The City of Statham (City), Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the City's financial activities.

The City's assets exceeded its liabilities by \$6,368,140 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$6,038,895.

Total net position is comprised of the following:

- (1) Net investment in Capital assets of \$5,496,292 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Net position of \$276,451 is restricted by constraints imposed from outside the City such as grantors, laws, or regulations.
- (3) Unrestricted net position of \$595,397 represents the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of \$606,430 this year. This compares to the prior year ending fund balance of \$402,916 showing an increase of \$203,514 during the current year. Unassigned fund balance of \$329,979 for the fiscal year 2014 shows an \$153,997 increase from the prior year.

At the end of the fiscal year, unassigned fund balance for the General Fund was \$329,979 or 24.94 % of total General Fund expenditures and 28.42 % of total General Fund revenues.

Total liabilities of the City decreased by \$293,708 to \$4,312,737 during the fiscal year. The City did not issue any new debt during the fiscal year ending June 30, 2014.

## **Overview of the Financial Statements**

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, planning & zoning, public safety and public works. Business-type activities include water & sewer system utilities and solid waste disposal and management. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these asset are not available to fund City programs.

The City's financial reporting includes the funds of the City (primary government) and organizations for which the City is accountable (component units). The city had no reportable component units. Other organizations such as related organizations and joint ventures are reported separately and are not included in the City's overall reporting entity.

***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for the special revenue fund can be found in a later section of this report. This reporting demonstrates compliance with the City's adopted, revised and final budgets.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City utilizes only enterprise funds. Enterprise funds essentially encompass the same functions as reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water & sewer utilities and solid waste disposal and management.

Proprietary fund statements and statements for discretely presented component units (reporting that is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The city had no component units, internal service funds, or non-major enterprise funds.

*Fiduciary funds*, such as employee pension plans, are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City had no fiduciary funds.



*Notes to the financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report immediately following the basic financial statements.

*Other information*

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Other supplementary information includes details by fund for receivables, payables, transfers, and payments within the reporting entity. Supplementary information follows the notes to the financial statements.

Major funds are reported in the basic financial statements as discussed. Individual statements and schedules for non-major funds are presented in a subsequent section of this report.

**Financial Analysis of the City as a Whole**

The City implemented the new financial reporting model used in this report at the beginning of the fiscal year July 1, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year-end is \$6,368,140. This is a \$329,245 increase from the beginning year's net position of \$6,038,895. The following table provides a summary of the City's net position:

<b>Summary of Net Position</b>								
(dollars are in thousands)								
	Governmental Activities		Business-type Activities		Total		Amount	%
	2014	2013	2014	2013	2014	2013	Change	Change
Current and other Assets	\$635	\$425	\$834	\$1,014	\$1,469	\$1,439	\$30	2%
Capital assets	2,265	2,042	6,947	7,165	9,212	9,207	5	0%
<b>Total Assets</b>	<b>\$2,900</b>	<b>\$2,467</b>	<b>\$7,781</b>	<b>\$8,179</b>	<b>\$10,681</b>	<b>\$10,646</b>	<b>\$35</b>	<b>0%</b>
Current and other liabilities	\$28	\$22	\$322	\$386	\$350	\$408	(\$58)	-14%
Long-term liabilities			3,963	4,199	3,963	4,199	(236)	-6%
<b>Total Liabilities</b>	<b>\$28</b>	<b>\$22</b>	<b>\$4,285</b>	<b>\$4,585</b>	<b>\$4,313</b>	<b>\$4,607</b>	<b>(\$294)</b>	<b>-6%</b>
<b>Net Position:</b>								
Net Investment								
in Capital Assets	\$2,265	\$2,042	\$3,231	\$3,223	\$5,496	\$5,265	\$231	4%
Restricted	277	227	277	227	277	227	50	22%
Unrestricted	330	176	265	371	595	\$47	48	9%
<b>Total Net Position</b>	<b>\$2,872</b>	<b>\$2,445</b>	<b>\$3,496</b>	<b>\$3,594</b>	<b>\$6,368</b>	<b>\$6,039</b>	<b>\$329</b>	<b>5%</b>

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

**City of Statham, Georgia**

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$427,218 for governmental activities but decreased \$97,973 for business-type activities. The City's overall financial position improved during fiscal year 2014.

Comparative data is accumulated to assist analysis. The following table provides a summary of the City's changes in net position:

**Summary of Changes of Net Position**

(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2014	2013	2014	2013	2014	2013	Change	Change
<b>Revenues</b>								
<b>Program Revenues:</b>								
Charges for services	\$172	\$112	\$1,162	\$1,201	\$1,334	\$1,313	\$21	2%
Operating grants & contributions	35	26			35	26	9	35%
Capital grants & contributions	440	192			440	192	248	129%
<b>General Revenues:</b>								
Sales & Use taxes	312	313			312	313	(1)	-0%
Property taxes	321	293			321	293	28	10%
Franchise taxes	134	134			134	134	0	0%
Alcohol beverage taxes	40	43			40	43	(3)	-7%
Insurance Premium taxes	124	120			124	120	4	3%
Other taxes, Interest & Misc	57	41		2	57	43	14	33%
<b>Total Revenues</b>	<b>\$1,635</b>	<b>\$1,274</b>	<b>\$1,162</b>	<b>\$1,203</b>	<b>\$2,797</b>	<b>\$2,477</b>	<b>\$320</b>	<b>13%</b>
<b>Expenses</b>								
General Government	\$500	\$452			\$500	\$452	\$48	11%
Public Safety	514	467			514	467	47	10%
Public Works	410	326			410	326	84	26%
Water & Sewer			\$876	\$860	876	860	16	2%
Solid Waste			168	147	168	147	21	14%
<b>Total Expenses</b>	<b>\$1,424</b>	<b>\$1,245</b>	<b>\$1,044</b>	<b>\$1,007</b>	<b>\$2,468</b>	<b>\$2,252</b>	<b>\$216</b>	<b>10%</b>
Increase (decrease) in net position before transfers	\$211	\$29	\$118	\$196	\$329	\$225	\$104	46%
Transfers	216	136	(216)	(136)	\$0	\$0	\$0	0%
<b>Change in Net Position</b>	<b>\$427</b>	<b>\$165</b>	<b>(\$98)</b>	<b>\$60</b>	<b>\$329</b>	<b>\$225</b>	<b>\$104</b>	<b>46%</b>
Beginning Net Position	2,445	2,280	3,594	3,534	6,039	5,814	225	4%
<b>Ending Net Position</b>	<b>\$2,872</b>	<b>\$2,445</b>	<b>\$3,496</b>	<b>\$3,594</b>	<b>\$6,368</b>	<b>\$6,039</b>	<b>\$329</b>	<b>5%</b>

### GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on taxes to support governmental operations. Property taxes provided 20 percent, sales taxes provided 27 percent and other taxes provided 33 percent of the City's total governmental revenues. Program revenues, which included capital grants, covered 45 percent of governmental operating expenses. The City's taxpayers and other general revenues funded 69 percent of the governmental activities. Therefore, the general economy and local business have a major impact on the City's revenue streams.

### GOVERNMENTAL FUNCTIONAL EXPENSES

Total governmental activities costs for the current fiscal year were \$1,424,457. Of this amount, general government was \$500,406 (35%), public safety was \$513,637 (36%), and public works was \$410,414 (29%) of the total cost for services for fiscal year 2013-2014. Some of the costs were paid by programs revenues of \$646,335.

### BUSINESS-TYPE ACTIVITIES

#### Revenues vs. Costs

Fiscal Year Ended June 30, 2014

	<u>Revenues</u>	<u>Expenses</u>
Water & Sewer System	\$996,221	\$875,824
Solid Waste Disposal /Management	165,939	168,040

### Financial Analysis of the City's Funds

#### *Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resource focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$606,430. Of this year-end total, \$329,979 is unassigned indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds shows an increase of \$203,514 from the prior year. This increase is primarily the result of the events and programs described with the analysis of the City's governmental activities.

#### *Major Governmental Funds*

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund increased by \$153,997. Key factors contributing to this increase were increases in governmental revenues and operating transfers from the Water & Sewer Fund.

The SPLOST Fund accumulates SPLOST receipts and subsequent disbursements for major capital projects. The SPLOST Fund had a fund balance of \$276,451 as of June 30, 2014.

***Proprietary Funds***

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Water & Sewer Fund reported net income before transfers of \$120,397. The Solid Waste Fund reported a net loss before transfers of \$2,101.

***Major Proprietary Funds***

The Water & Sewer System Fund provides water and waste water disposal to the City's residential and commercial customers. The City strives to maintain competitive rates to its customers while providing safe drinking water and sewage treatment. The City's water and sewage utilities are reported within this activity in the government-wide statements.

The Solid Waste Disposal/Management Fund provides refuse collection and disposal to the City's residential and commercial customers. The City's solid waste disposal and management are reported within this activity in the government-wide statements.

**General Fund Budgetary Highlights**

The General Fund budget for fiscal year 2013-2014 was \$1,204,064. This was a decrease of \$25,885 over the previous year amended budget. The City Council made subsequent budget amendments of \$140,000.

These amendments adjusted budgeted expenditures between departments to reflect a reclassification of funds required to adjust the original appropriations.

**Capital Asset and Debt Administration**

***Capital assets***

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2014, was \$2,265,316 and \$6,947,573 respectively. Major capital asset additions during the current year included street improvements (paving) of \$248,785 and building improvements of \$56,422. See Note 4. D. for additional information about changes in capital assets during the fiscal year.

**Capital Assets**  
**Net of Accumulated Depreciation**  
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2014	2013	2014	2013	2014	2013	Change	Change
Non-Depreciable Assets								
Land	\$366	\$366	\$526	\$526	\$892	\$892	\$0	0%
Depreciable Assets								
Buildings	374	331	24	25	398	356	42	12%
Distribution Systems			6,217	6,390	6,217	6,390	(173)	-3%
Vehicles & Equipment	148	187	180	224	328	411	(83)	-20%
Infrastructure	1,377	1,158			1,377	1,158	219	19%
<b>Total</b>	<b>\$2,265</b>	<b>\$2,042</b>	<b>\$6,947</b>	<b>\$7,165</b>	<b>\$9,212</b>	<b>\$9,207</b>	<b>\$5</b>	<b>0%</b>

**Long-term debt**

At the end of the fiscal year, the City had total debt outstanding of \$4,013,639. Of this amount, \$63,396 was for capital leases. Another major component was \$3,905,000 supported by pledged revenues generated primarily by the business-type activities of the City (Revenue Bonds). See Note 4. G. for additional discussion.

**Bond Ratings**

Bond ratings are disclosed on the face of the final official statements for the bonds. On November 11, 2013 Moody's Investors Service changed the City's bond rating from A3 to Baa1.

**Outstanding Debt**  
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2014	2013	2014	2013	2014	2013	Change	Change
Capital Lease Obligations	\$0	\$0	\$63	\$93	\$63	\$93	(\$30)	-32%
Revenue Bonds			3,905	4,085	3,905	4,085	(180)	-4%
Notes Payable			45	60	45	60	(15)	-25%
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,013</b>	<b>\$4,238</b>	<b>\$4,013</b>	<b>\$4,238</b>	<b>(\$225)</b>	<b>-5%</b>

**Economic Environment and Next Year's Budgets**

The City's elected officials considered many factors when adopting the fiscal year 2013-2014 budget. The City's tax rates and fees for business-type activities were predominate budget considerations. The City is experiencing steady growth in population and local businesses. The City has low to moderate cost of living, relatively low unemployment and a stable but growing economic environment. Water System improvements are planned and are to be funded primarily with Special Purpose Local Option Sales Tax receipts.

The City reached an agreement with Barrow County, Georgia, for the transfer of the City's waste water treatment plant and sewer distribution system. This transfer will be effective upon the completion of a new waste water treatment plant.

For the fiscal year 2014-2015, the City Council approved a total budget of \$2,479,844. This budget includes operating and non-operating funds. The budget for the General Fund totaled \$1,208,950, Special Revenue Fund \$6,188 and the Proprietary Funds are budgeted for \$1,264,706 (Water & Sewer \$1,096,500 and Solid Waste \$168,206). The City's budgets and relative fund balances are maintained in compliance with the City's adopted financial policies.

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City Clerk, at: P. O. Box 28, Statham, Georgia 30666.

**City of Statham, Georgia**  
**Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**City of Statham, Georgia**  
**Statement of Net Position**  
**June 30, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash equivalents	\$ 244,248	\$ 257,265	\$ 501,513
Receivables - Taxes	58,568		58,568
Other Accounts		102,825	102,825
Due from Other Governments	55,280		55,280
Restricted Current Assets			
Cash and Cash equivalents	260,087	311,635	571,722
Due from Other Governments	16,364		16,364
Non-Current Assets			
Deferred Charges		161,716	161,716
Capital Assets:			
Land	365,949	525,753	891,702
Other Capital Assets, net of accumulated depreciation	1,899,367	6,421,820	8,321,187
<b>TOTAL ASSETS</b>	<b>\$ 2,899,863</b>	<b>\$ 7,781,014</b>	<b>\$ 10,680,877</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 28,117	\$ 15,620	\$ 43,737
Refundable Deposits		68,290	68,290
Accrued Interest Payable		10,762	10,762
Notes, Leases & Bonds Payable - Current		226,921	226,921
Non-Current Liabilities			
Notes, Leases & Bonds Payable - Non Current		3,963,027	3,963,027
<b>TOTAL LIABILITIES</b>	<b>\$ 28,117</b>	<b>\$ 4,284,620</b>	<b>\$ 4,312,737</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 2,265,316	\$ 3,230,976	\$ 5,496,292
Restricted - SPLOST	276,451		276,451
Unrestricted	329,979	265,418	595,397
<b>TOTAL NET POSITION</b>	<b>\$ 2,871,746</b>	<b>\$ 3,496,394</b>	<b>\$ 6,368,140</b>

*See accompanying notes to Financial Statements*



**City of Statham, Georgia**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Primary Government		Total
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 500,406	\$ 28,215	\$ 41,295	\$ (430,896)	\$	\$ (430,896)
Public Safety	513,637	143,630	34,893	(335,114)		(335,114)
Public Works	410,414		398,302	(12,112)		(12,112)
<b>Total Governmental Activities</b>	<u>\$ 1,424,457</u>	<u>\$ 171,845</u>	<u>\$ 34,893</u>	<u>\$ (778,122)</u>	<u>\$</u>	<u>\$ (778,122)</u>
<b>Business Type Activities:</b>						
Water & Sewer	875,824	995,691			\$ 119,867	\$ 119,867
Solid Waste	168,040	165,936			(2,104)	(2,104)
<b>Total Business Type Activities</b>	<u>\$ 1,043,864</u>	<u>\$ 1,161,627</u>	<u>\$ 0</u>	<u>\$ 117,763</u>	<u>\$</u>	<u>\$ 117,763</u>
<b>Total Primary Government</b>	<u>\$ 2,468,321</u>	<u>\$ 1,333,472</u>	<u>\$ 34,893</u>	<u>\$ (778,122)</u>	<u>\$</u>	<u>\$ (660,359)</u>
<b>General Revenues:</b>						
Taxes:						
Sales & Use Taxes - Local Option				\$ 312,577	\$	\$ 312,577
Property Taxes				320,783		320,783
Franchise Taxes				133,528		133,528
Alcohol Beverage Taxes				39,592		39,592
Insurance Premium Taxes				124,214		124,214
Other Taxes				5,045		5,045
Interest & Investment Earnings				63	533	596
Miscellaneous				53,269		53,269
Transfers				216,269	(216,269)	0
<b>Total General Revenues &amp; Transfers</b>				<u>\$ 1,205,340</u>	<u>\$ (215,736)</u>	<u>\$ 989,604</u>
<b>Change in Net Position</b>				<u>\$ 427,218</u>	<u>\$ (97,973)</u>	<u>\$ 329,245</u>
<b>Net Position - Beginning</b>				2,444,528	3,594,367	6,038,895
<b>Net Position - Ending</b>				<u>\$ 2,871,746</u>	<u>\$ 3,496,394</u>	<u>\$ 6,368,140</u>

**City of Statham, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General Fund	SPLOST Fund	Other Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 183,313	\$ 260,087	\$ 60,935	\$ 504,335
Receivables - Taxes	58,568			58,568
Due From Other Governments	55,280	16,364		71,644
Due From Other Funds	60,935			60,935
<b>TOTAL ASSETS</b>	<u>\$ 358,096</u>	<u>\$ 276,451</u>	<u>\$ 60,935</u>	<u>\$ 695,482</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 28,117	\$	\$	\$ 28,117
Due To Other Funds			60,935	60,935
<b>TOTAL LIABILITIES</b>	<u>\$ 28,117</u>	<u>\$ 0</u>	<u>\$ 60,935</u>	<u>\$ 89,052</u>
<b>FUND BALANCES</b>				
Unassigned - General	\$ 329,979	\$	\$	\$ 329,979
Restricted - SPLOST Fund		276,451		276,451
<b>TOTAL FUND BALANCES</b>	<u>\$ 329,979</u>	<u>\$ 276,451</u>	<u>\$ 0</u>	<u>\$ 606,430</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 358,096</u>	<u>\$ 276,451</u>	<u>\$ 60,935</u>	<u>\$ 695,482</u>

See accompanying notes to Financial Statements

**City of Statham, Georgia**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2014**

**Total fund balance - total governmental funds** **\$ 606,430**

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

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

Capital assets (Cost)	\$	3,350,165	
Less accumulated depreciation		<u>(1,084,849)</u>	2,265,316

**Net Position of Governmental Activities** **\$ 2,871,746**

**City of Statham, Georgia**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Taxes	\$ 935,739	\$	\$	\$ 935,739
Licenses & Permits	28,215			28,215
Intergovernmental		398,122	34,893	433,015
Fines and Forfeitures	143,630			143,630
Interest Income	63	180		243
Miscellaneous	53,269			53,269
<b>TOTAL REVENUES</b>	<u>\$ 1,160,916</u>	<u>\$ 398,302</u>	<u>\$ 34,893</u>	<u>\$ 1,594,111</u>
<b>EXPENDITURES:</b>				
Current Operations				
General Government	\$ 478,406	\$	\$	\$ 478,406
Public Safety	453,251		34,893	488,144
Public Works	376,404			376,404
Capital Outlay - General Government	15,127			15,127
Capital Outlay - Public Works		248,785		248,785
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,323,188</u>	<u>\$ 248,785</u>	<u>\$ 34,893</u>	<u>\$ 1,606,866</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ (162,272)</u>	<u>\$ 149,517</u>	<u>\$ 0</u>	<u>\$ (12,755)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers	<u>\$ 316,269</u>	<u>\$ (100,000)</u>	<u>\$</u>	<u>\$ 216,269</u>
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>\$ 316,269</u>	<u>\$ (100,000)</u>	<u>\$ 0</u>	<u>\$ 216,269</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 153,997</u>	<u>\$ 49,517</u>	<u>\$ 0</u>	<u>\$ 203,514</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>175,982</u>	<u>226,934</u>	<u>0</u>	<u>402,916</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 329,979</u>	<u>\$ 276,451</u>	<u>\$ 0</u>	<u>\$ 606,430</u>

*See accompanying notes to Financial Statements*

**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 Fiscal Year Ended June 30, 2014**

<b>Net Changes in Fund Balances - Total Governmental Funds</b>		<b>\$ 203,514</b>
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and depreciation differ in the current period.</p>		
Capital Outlay	\$ 263,912	
Depreciation	<u>(81,503)</u>	182,409
<p>Capital assets contributed are not reported on the fund level but are reported on the government-wide financial reporting level.</p>		
Donated Real Estate		<u>41,295</u>
<b>Change in net position of Governmental Activities</b>		<b>\$ <u>427,218</u></b>

**City of Statham, Georgia**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>		
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 282,000	\$	\$ 282,000	\$ 236,145	\$ (45,855)
Motor Vehicle Taxes	76,570		76,570	84,638	8,068
Sales Taxes	340,000		340,000	312,577	(27,423)
Franchise Taxes	150,000		150,000	133,528	(16,472)
Alcohol Beverage Taxes	45,000		45,000	39,592	(5,408)
Insurance Premium Taxes	115,000		115,000	124,214	9,214
Other Taxes	9,000		9,000	5,045	(3,955)
<b>Total Taxes</b>	<b>\$ 1,017,570</b>	<b>\$ 0</b>	<b>\$ 1,017,570</b>	<b>\$ 935,739</b>	<b>\$ (81,831)</b>
Licenses & Permits	83,246		83,246	28,215	(55,031)
Fines & Forfeitures	70,948		70,948	143,630	72,682
Miscellaneous	32,000		32,000	53,269	21,269
Interest Earned	300		300	63	(237)
<b>TOTAL REVENUES</b>	<b>\$ 1,204,064</b>	<b>\$ 0</b>	<b>\$ 1,204,064</b>	<b>\$ 1,160,916</b>	<b>\$ (43,148)</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>General Government</b>					
Personal Services	\$ 198,368	\$ 30,000	\$ 228,368	\$ 227,804	\$ 564
Purchased/Contracted Services	197,801	20,000	217,801	215,690	2,111
Supplies	27,435		27,435	32,599	(5,164)
Other Costs	3,500		3,500	2,313	1,187
Capital Outlay		20,000	20,000	15,127	4,873
<b>Total General Government</b>	<b>\$ 427,104</b>	<b>\$ 70,000</b>	<b>\$ 497,104</b>	<b>\$ 493,533</b>	<b>\$ 3,571</b>
<b>Public Safety</b>					
Personal Services	\$ 352,300	\$ (30,000)	\$ 322,300	\$ 317,852	\$ 4,448
Purchased/Contracted Services	95,200	(45,000)	50,200	47,854	2,346
Supplies	51,150		51,150	43,171	7,979
Other Costs	25,330	20,000	45,330	44,374	956
<b>Total Public Safety</b>	<b>\$ 523,980</b>	<b>\$ (55,000)</b>	<b>\$ 468,980</b>	<b>\$ 453,251</b>	<b>\$ 15,729</b>

*See accompanying notes to Financial Statements*

**City of Statham, Georgia**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>		
<b>Public Works</b>					
Personal Services	\$ 155,022	\$ 60,000	\$ 215,022	\$ 213,831	\$ 1,191
Purchased/Contracted Services	30,748	65,000	95,748	93,274	2,474
Supplies	67,210		67,210	69,299	(2,089)
<b>Total Public Works</b>	<u>\$ 252,980</u>	<u>\$ 125,000</u>	<u>\$ 377,980</u>	<u>\$ 376,404</u>	<u>\$ 1,576</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,204,064</u>	<u>\$ 140,000</u>	<u>\$ 1,344,064</u>	<u>\$ 1,323,188</u>	<u>\$ 20,876</u>
<b>EXCESS OF REVENUES OVER</b>					
<b>EXPENDITURES</b>	\$ 0	\$ (140,000)	\$ (140,000)	\$ (162,272)	\$ (22,272)
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers	\$	140,000	140,000	316,269	(176,269)
<b>TOTAL OTHER FINANCING</b>					
<b>SOURCES/(USES)</b>	<u>\$ 0</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>316,269</u>	<u>(176,269)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	\$ 153,997	<u>\$ (198,541)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				<u>175,982</u>	
<b>FUND BALANCE - END OF YEAR</b>				<u>\$ 329,979</u>	

*See accompanying notes to Financial Statements*

**City of Statham, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	Enterprise Funds		
	Water & Sewer System	Solid Waste	Totals
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 254,577	\$ 2,688	\$ 257,265
Receivables, Net	102,825		102,825
Restricted Cash & Cash Equivalents	311,635		311,635
Total Current Assets	\$ 669,037	\$ 2,688	\$ 671,725
Non-Current Assets:			
Deferred Charges	\$ 161,716	\$	\$ 161,716
Capital Assets:			
Land	525,753		525,753
Buildings, Equipment & Distribution System net of accumulated depreciation	6,421,820		6,421,820
Total Non-Current Assets	\$ 7,109,289	\$ 0	\$ 7,109,289
<b>TOTAL ASSETS</b>	<b>\$ 7,778,326</b>	<b>\$ 2,688</b>	<b>\$ 7,781,014</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 15,620	\$	\$ 15,620
Refundable Deposits	68,290		68,290
Notes & Bonds Payable, Current	226,921		226,921
Accrued Interest Payable	10,762		10,762
Non-Current Liabilities:			
Notes & Bonds Payable, Non-Current	3,963,027		3,963,027
<b>TOTAL LIABILITIES</b>	<b>\$ 4,284,620</b>	<b>\$ 0</b>	<b>\$ 4,284,620</b>
<b>NET POSITION</b>			
Net Investment in capital assets	\$ 3,230,976	\$	\$ 3,230,976
Unrestricted	262,730	2,688	265,418
<b>TOTAL NET POSITION</b>	<b>\$ 3,493,706</b>	<b>\$ 2,688</b>	<b>\$ 3,496,394</b>

*See accompanying notes to Financial Statements*



**City of Statham, Georgia**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Enterprise Funds		Totals
	Water & Sewer System	Solid Waste	
<b>Operating Revenues:</b>			
Charges for Service	\$ 995,691	\$ 165,936	\$ 1,161,627
<b>Total Operating Revenues</b>	<u>\$ 995,691</u>	<u>\$ 165,936</u>	<u>\$ 1,161,627</u>
<b>Operating Expenses:</b>			
Personal Services & Benefits	\$ 183,810	\$	\$ 183,810
Purchased/Contracted Services	132,263	167,232	299,495
Depreciation	217,704		217,704
Supplies	199,844	808	200,652
Other	140		140
<b>Total Operating Expenses</b>	<u>\$ 733,761</u>	<u>\$ 168,040</u>	<u>\$ 901,801</u>
<b>Operating Income (Loss)</b>	\$ 261,930	\$ (2,104)	\$ 259,826
<b>Non-operating Revenues (Expenses)</b>			
Interest Income	\$ 530	\$ 3	\$ 533
Interest Expense	(142,063)		(142,063)
<b>Total Non-operating Revenues (Expenses)</b>	<u>\$ (141,533)</u>	<u>\$ 3</u>	<u>\$ (141,530)</u>
<b>Net Income (Loss) before Transfers</b>	\$ 120,397	\$ (2,101)	\$ 118,296
<b>Transfers</b>	(218,577)	2,308	\$ (216,269)
<b>Change in Net Position</b>	(98,180)	207	(97,973)
<b>Net Position - Beginning of Year</b>	<u>3,591,886</u>	<u>2,481</u>	<u>3,594,367</u>
<b>Net Position - End of Year</b>	<u>\$ 3,493,706</u>	<u>\$ 2,688</u>	<u>\$ 3,496,394</u>

*See accompanying notes to Financial Statements*

**City of Statham, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Enterprise Funds		Totals
	Water & Sewer System	Solid Waste	
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 938,759	\$ 165,936	\$ 1,104,695
Payments to suppliers	(326,910)	(168,235)	(495,145)
Payments to employees	(120,419)		(120,419)
Other payments	(63,531)		(63,531)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 427,899</u>	<u>\$ (2,299)</u>	<u>\$ 425,600</u>
<b>Cash Flows from Non Capital Financing Activities:</b>			
Transfers	\$ (318,577)	\$ 2,308	\$ (316,269)
<b>Total Cash Used by Non Capital Financing Activities</b>	<u>\$ (318,577)</u>	<u>\$ 2,308</u>	<u>\$ (316,269)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Interest Expense	\$ (144,176)	\$	\$ (144,176)
Principal Payments	(224,641)		(224,641)
Transfers	100,000		100,000
<b>Total Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>\$ (268,817)</u>	<u>\$ 0</u>	<u>\$ (268,817)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest Income	\$ 530	\$ 3	\$ 533
<b>Total Cash Provided by Investing Activities</b>	<u>530</u>	<u>3</u>	<u>533</u>
<b>Net Increase (Decrease) in Cash</b>	<u>\$ (158,965)</u>	<u>\$ 12</u>	<u>\$ (158,953)</u>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>725,177</u>	<u>2,676</u>	<u>727,853</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 566,212</u></u>	<u><u>\$ 2,688</u></u>	<u><u>\$ 568,900</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Net Operating Income/(Loss)	\$ 261,930	\$ (2,104)	\$ 259,826
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	217,704		217,704
(Increase)/Decrease - Accounts Receivable	12,718		12,718
Increase/(Decrease) - Accounts Payable	5,197	(195)	5,002
Increase/(Decrease) - Customer Deposits	(69,650)		(69,650)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 427,899</u></u>	<u><u>\$ (2,299)</u></u>	<u><u>\$ 425,600</u></u>

*See accompanying notes to Financial Statements*

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies**

**A. Introduction:**

The City of Statham (City), Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the City's financial activities.

The financial statements of the City of Statham have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**B. Financial Reporting Entity - Basis of Presentation**

**1. Primary Government and Component Units:**

The City has implemented Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". Statement 14 applies levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) primary governments, (b) organizations for which the primary government is financially accountable and (c) 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 or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

In conformity with GASB Statement 14, the City of Statham, Georgia, has no component units that meet the criteria for component units requiring discrete presentation in the primary government financial reporting entity.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**B. Financial Reporting Entity - Basis of Presentation, continued**

**2. Government-wide and Fund Financial Statements:**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government is the focus of these financial statements. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

The City segregates transactions related to certain City functions or activities in separate funds in order to aid in financial management and to demonstrate legal and contractual compliance. Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

*Fund Accounting*

The City uses funds to maintain its financial records. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**B. Financial Reporting Entity - Basis of Presentation, continued**

**2. Government-wide and Fund Financial Statements**

*Fund Accounting*

**Governmental Fund Types**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within sixty (60) days of end of the fiscal year. Revenues subject to accrual are property taxes, sales & use taxes, interest income and grants. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Governmental fund types utilized by the City are General, Capital Projects and Special Revenue. The General Fund is the City's primary operating fund and it accounts for all financial resources of the general government. The SPLOST Fund is a capital projects fund that accounts for the accumulation of SPLOST receipts and subsequent disbursement of such resources in obtaining or renovating major capital projects. The Special Revenue Fund accounts for resources that are legally restricted to expenditures for specific purposes. The General Fund and SPLOST Fund are major governmental fund types.

**Proprietary Fund Types**

Proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting, primarily directed to continuing operations. Reporting focuses on the determination of net income, financial position, and cash flows. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are costs of providing goods or services and includes administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. Proprietary fund types utilized by the City are Water & Sewer and Solid Waste Funds. Both are major enterprise funds. The Water & Sewer fund accounts for utility services and their related distribution operations. The Solid Waste fund accounts for refuse collections and operations.

**3. Measurement Focus:**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operations of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**B. Financial Reporting Entity - Basis of Presentation, continued**

**3. Measurement Focus - continued**

It is the City's policy to use restricted amounts prior to unrestricted amounts when both are available for use. The City uses Committed amounts of fund balance, then Assigned amounts and lastly Unassigned resources when unrestricted amounts of fund balance are being used.

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial resources measurement focus. Therefore, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the City meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental fund types use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenues, recording of deferred revenues, and in the presentation of expenses versus expenditures.

**D. Assets, Liabilities, Net Position or Fund Equity:**

**1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include demand deposits, money market accounts and short-term investments with a maturity date, within ninety (90) days of the date acquired by the City.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**D. 1. Cash, Cash Equivalents, and Investments - continued**

The City may invest and reinvest money subject to its control in (1) obligations of the United States and its agencies and instrumentalities; (2) bonds or certificates of indebtedness of Georgia and its agencies and instrumentalities; and (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation and certain specified amounts in excess of the amount insured by the F.D.I.C. The City also may hold funds in deposit accounts with banking institutions as otherwise authorized by law.

Investments are stated at cost or amortized costs, which approximates market. Investments consist of money market accounts, certificates of deposit and U. S. Government Treasury Bills & Notes, and are considered as the same as cash and cash equivalents, and accordingly are reported under the caption of cash on the balance sheet.

**2. Receivables**

Receivables are recorded in the General and Enterprise Funds net of any estimated uncollectibles.

**3. Inventory**

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.

**4. Prepaid Items**

Payments to vendors for services that benefit future periods beyond fiscal year end are recorded as prepaid items and reported on the consumption basis. When prepaid items are incurred by the City, the expenditure or expense is deferred to the period benefited. At the fund reporting level, a reservation is made in the fund balance for an equal amount.

**5. Capital Assets**

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Infrastructure acquired prior to implementation of GASB 34 on July 1, 2003 are not reported in the basic financial statements. Proprietary/Enterprise fund capital assets also are reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, curbs and gutters, sidewalks, and utility (Water & Sewer) distribution systems. Major improvements to capital assets are capitalized. Cost of normal maintenance and repair that do not add to the asset value or materially extend useful lives are not capitalized.



**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**D. 5. Capital Assets - continued**

Capital assets are depreciated using the straight-line method. When capital assets are disposed or retired, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss recorded in operations. Depreciation is determined using the straight-line method over the following estimated useful lives:

Plants & Buildings	20 - 50 years
Machinery & Equipment	5 - 8 years
Vehicles	3 - 5 years
Transmission/Distribution Systems & Infrastructure	20 - 50 years

**6. Interest Capitalization**

Interest costs are capitalized when incurred by proprietary fund types on debt where the proceeds were used to finance construction of assets.

**7. Compensated Absences**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The maximum vacation accrual is limited to thirty (30) days. The City requires vacation benefits to be taken in the year granted. Vacation benefits are not allowed to be accrued and carried over to future periods, therefore any vacation benefits not taken are lost.

Sick leave accrues to full-time employees to specified maximums; however, benefits are paid only upon illness of an employee and are charged to expenditures when taken. Accrued sick benefits are lost upon termination or retirement.

**8. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide and proprietary financial statements. Bond issue costs, bond discounts or premiums, and the difference between the reacquisition price and net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest rate method.

Governmental fund payables and accrued liabilities reported as obligations of these funds are paid in full from current financial resources. Governmental fund financial statements recognize proceeds from debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**D. 9. Fund Equity**

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

*Fund Balance*

Fund balance represents the difference between current assets and current liabilities. Unrestricted fund balance indicates the amount available for appropriation in future periods. The City restricts portions of fund balance which are legally segregated for a specific purpose or do not represent amounts available for appropriation or expenditure.

*Net Position*

Net position represents the difference between assets and liabilities. Investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation adopted by the City or contractual by creditors, grantors, laws, or regulations of other governments. All other net position is reported as unrestricted.

**10. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The City's operating revenues are charges for services for water & sewage and solid waste disposal. Operating expenses are the necessary costs incurred to provide the good or service that is the primary activity of each fund.

**11. Contributed Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, grants or outside contribution of resources restricted to capital acquisition and construction.

**Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity**

**A. Changes in Accounting Principles**

For the Fiscal Year beginning July 1, 2003, the City implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting the City's financial activities. The financial statements include government-wide financial

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity**

**A. Changes in Accounting Principles, continued**

statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in a single column.

The government-wide financial statements classify the City's programs between governmental activities and business-type activities. The beginning net position amount for the business-type activities equals fund equity of the enterprise fund from the prior year. The beginning net position amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

**B. Restatement of Equity Balances**

Restatement of fund equity did not affect the General Fund as a result of GASB Interpretation No. 6.

**Note 3. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

*Budget Policy and Practice*

The City prepares annual budgets based on anticipated revenues and appropriated expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to June 30, 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 Projects, Special Revenue and Proprietary Funds are adopted on 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, capital outlays, and transfers. 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 fiscal year. All unexpended annual appropriations lapse at year end.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 3. Stewardship, Compliance and Accountability - continued**

**B. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve the applicable appropriation - is not used by the City.

**C. Deficit Fund Equities**

The City had no deficit fund balances or retained earnings as of June 30, 2014.

**D. Excess of Expenditures over Appropriations**

There were no known expenditures in excess of appropriations for the primary government.

**Note 4. Detailed Notes on All Funds**

**A. Deposits and Investments**

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or its agent in the City's name. Cash and investments are classified as to credit risk as described below:

Deposits

Category 1 - Insured or collateralized with securities held by the City or its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized.

	1	Category 2	3	Bank Balance	Carrying Amount
Primary Government	\$ 1,113,581	\$ 0	\$ 0	\$ 1,113,581	\$ 1,073,235
Total	<u>\$ 1,113,581</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,113,581</u>	<u>\$ 1,073,235</u>

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds - continued**

**A. Deposits and Investments - continued**

*Investments*

The City may invest and reinvest money subject to its control in 1) obligations of the United States and its agencies and instrumentalities; 2) bonds or certificates of indebtedness of the State of Georgia and its agencies and instrumentalities; and (3) certificates of deposits of banks which have deposits insured by the Federal Deposit Insurance Corporation (FDIC) and certain specified amounts in excess of the amounts insured by the FDIC with the bank pledging appropriate bank assets as collateral. The City also may hold funds in deposit accounts with banking institutions as otherwise authorized by law.

**B. Receivables**

Receivables are recorded in the General and Enterprise Funds net of any estimated uncollectibles. A summary by fund of the receivables and their respective allowances for doubtful accounts follows:

<b>Primary Government</b>	Property Taxes	Accounts	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 58,568	\$	\$	\$ 58,568
Water & Sewer Fund	<u>          </u>	109,436	6,611	102,825
<b>Total Primary Government</b>	<u>\$ 58,568</u>	<u>\$ 109,436</u>	<u>\$ 6,611</u>	<u>\$ 161,393</u>

**C. Due from Other Governments**

The City recorded sales and use tax receipts for May and June 2014 due from the Georgia Department of Revenue - Sales and Use Tax Division in the amount of \$55,280. The May 2014 receivable in the amount of \$26,877 was received July 2014. The June 2014 receivable in the amount of \$28,403 was received August 2014.

The City recorded special purpose local option sales and use tax (SPLOST) receipts due from Barrow County, Georgia in the amount of \$16,364.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds - continued**

**D. Capital Assets**

A summary of changes in Capital Assets follows:

<b>Governmental Activities</b>	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>
Capital Assets not being depreciated				
Land	\$365,949			\$365,949
Total Capital Assets not being depreciated	<u>\$365,949</u>	<u>\$0</u>	<u>\$0</u>	<u>\$365,949</u>
Other Capital Assets:				
Buildings	\$524,899	\$56,422		\$581,321
Vehicles & Equipment	798,954			798,954
Infrastructure	1,355,156	248,785		1,603,941
Total Other Capital Assets	<u>\$2,679,009</u>	<u>\$305,207</u>	<u>\$0</u>	<u>\$2,984,216</u>
Accumulated Depreciation:				
Buildings	\$193,538	\$13,639		\$207,177
Vehicles & Equipment	612,334	38,526		650,860
Infrastructure	197,474	29,338		226,812
Totals Accumulated Deprec.	<u>\$1,003,346</u>	<u>\$81,503</u>	<u>\$0</u>	<u>\$1,084,849</u>
<b>Governmental Activities - Capital assets, net</b>	<u><u>\$2,041,612</u></u>	<u><u>\$223,704</u></u>	<u><u>\$0</u></u>	<u><u>\$2,265,316</u></u>

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**D. Capital Assets - Continued**

<b>Business-type Activities</b>	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>
Capital Assets not being depreciated				
Land	\$525,753			\$525,753
Total Capital Assets not being depreciated	<u>\$525,753</u>	<u>\$0</u>	<u>\$0</u>	<u>\$525,753</u>
Other Capital Assets				
Plants/Buildings	\$41,898			\$41,898
Distribution Systems	8,686,975			8,686,975
Vehicles & Equipment	534,465			534,465
Total Other Capital Assets	<u>\$9,263,338</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,263,338</u>
Accumulated Depreciation				
Plants/Buildings	\$16,708	\$1,047		\$17,755
Distribution Systems	2,296,322	173,740		2,470,062
Vehicles & Equipment	310,784	42,917		353,701
Total Accumulated Deprec.	<u>\$2,623,814</u>	<u>\$217,704</u>	<u>\$0</u>	<u>\$2,841,518</u>
<b>Business-type Activities</b>				
<b>Capital Assets, net</b>	<u>\$7,165,277</u>	<u>(\$217,704)</u>	<u>\$0</u>	<u>\$6,947,573</u>

Combining schedule of enterprise funds capital assets follows:

	<u>Water &amp; Sewer</u>	<u>Solid Waste</u>	<u>Totals</u>
Land	\$525,753		\$525,753
Plants & Buildings	41,898		41,898
Transmission/Distribution Systems	8,686,975		8,686,975
Vehicles & Equipment	534,465		534,465
Totals	<u>\$9,789,091</u>	<u>\$0</u>	<u>\$9,789,091</u>
Less: Accum. Depreciation	<u>2,841,518</u>		<u>2,841,518</u>
Net	<u>\$6,947,573</u>	<u>\$0</u>	<u>\$6,947,573</u>

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**D. Capital Assets - Continued**

Depreciation Expense

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

<i>Governmental Activities</i>		<i>Business-type Activities</i>	
General Government	\$22,000	Water & Sewer	\$217,704
Public Safety	25,493		
Public Works	34,010		

**E. Interfund Balances and Transfers**

Transfers and payments within the reporting entity are for purposes of funding capital asset acquisitions. The government-wide statement of activities eliminates transfers within segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement. Fund financial statement receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in governmental and business-type activities of government-wide statements of net position, except for net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances. The interfund balances resulted from capital and infrastructure improvements. Interfund balances at June 30, 2014, consisted of the following amounts:

Interfund Balances/Transfers:

	Interfund		Transfers	
	Receivable	Payable	To	From
<b>Governmental Activities</b>				
<i>Major Governmental Funds</i>				
General Fund	\$ 60,935	\$	\$ 316,269	\$
SPLOST Fund				100,000
<i>Non-Major Governmental Funds</i>				
Special Revenue Fund		60,935		
<b>Business-type Activities</b>				
<i>Major Enterprise Funds</i>				
Water & Sewer Fund			100,000	318,577
Solid Waste Fund			2,308	
Totals	\$ 60,935	\$ 60,935	\$ 418,577	\$ 418,577

Interfund balances are expected to be repaid within one year from the date of the financial statements. Transfers from the Water & Sewer Fund to the General and Solid Waste Funds were for operating purposes while the transfer from the SPLOST fund to the Water & Sewer Funds were for capital purposes.



**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**F. Property Tax Calendar**

The City receives property tax assessments from Barrow County. Taxes were levied on October 10, 2013 and tax bills were mailed to taxpayers on October 31, 2013. The due date for these taxes was December 31, 2013 and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was March 31, 2014. Ad valorem taxes on vehicles are collected concurrently with the issuance of state license tags by Barrow County.

Property tax revenues are recognized when they become available, which includes those tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

**G. Debt**

*Long-Term Debt Supporting Governmental Activities*

Governmental debt is primarily paid from the General Fund. The City's incurred no new debt during the year and had no outstanding long-term debt supported by governmental activities as of June 30, 2014.

*Long-Term Debt Supporting Business Activities*

Capital lease obligations supporting business activities are primarily paid from the Water & Sewer Fund. The Water & Sewer Fund's capital lease was incurred in 2012 to partially fund the purchase of equipment used at the City's water treatment facility in the amount of \$152,493. The amount outstanding at June 30, 2014 was \$63,396. The total cost of the equipment was \$177,493. As of June 30, 2014, the book value of this equipment was \$121,287, after \$56,206 of accumulated depreciation.

Revenue bonds outstanding consist of debt issued for the purposes of the fund responsible for payment of the debt. Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The general bond indenture and its supplements for water and wastewater systems bonds require the use of revenue, sinking, bond reserves, and renewal and extension fund accounts. The reporting entity was in compliance with all significant requirements of the various bond covenants. Revenue Bonds and GEFA Notes Payable were issued for construction and expansion of the Water & Sewer System.

The City issued Revenue Bonds in the amount of \$4,265,000 during 2012. The purpose of the issuance was to refinance existing debt at lower interest rates and provide additional funds for capital improvements for the City's water and wastewater systems.

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

*Changes in Long-Term Debt*

<b>PRIMARY GOVERNMENT</b>	Balance 7/1/2013	Issued	Retired	Balance 6/30/2014	Due Within One Year
<i>Governmental Activities</i>					
Capital Lease Obligations	\$0		\$0	\$0	\$0
Total Governmental Activities	\$0	\$0	\$0	\$0	\$0
<i>Business-type Activities</i>					
Capital Lease Obligations	\$93,376		\$29,980	\$63,396	\$31,830
Total Capital Lease Obligations	\$93,376	\$0	\$29,980	\$63,396	\$31,830
<i>Revenue Bonds</i>					
Water & Sewer, Series 2012	\$4,085,000		\$180,000	\$3,905,000	\$180,000
Plus: Premium, Series 2012	185,589		9,280	176,309	
Total Revenue Bonds	\$4,270,589	\$0	\$189,280	\$4,081,309	\$180,000
<i>Notes Payable</i>					
Water & Sewer - GEFA	\$3,220		\$495	\$2,725	\$495
Water & Sewer - GEFA/GLCP	56,684		14,166	42,518	14,596
Total Notes Payable	\$59,904	\$0	\$14,661	\$45,243	\$15,091
Total Business-type Activities	\$4,423,869	\$0	\$233,921	\$4,189,948	\$226,921
<b>Total Primary Government</b>	<b>\$4,423,869</b>	<b>\$0</b>	<b>\$233,921</b>	<b>\$4,189,948</b>	<b>\$226,921</b>

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**G. Long-Term Debt, continued**

*Debt Service Requirements*

	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
<i>Business-type Activities</i>					
Capital Lease Obligations	\$152,493	5.86%	2015	\$31,830	\$2,718
		5.86%	2016	31,566	103
Totals - Capital Lease Obligations				<u>\$63,396</u>	<u>\$2,821</u>
 <i>Revenue Bonds</i>					
Water & Sewer, Series 2012	\$4,265,000	2.00%	2015	\$180,000	\$134,500
		2.00%	2016	185,000	130,900
		2.00%	2017	190,000	127,200
		2.00%	2018	200,000	123,400
		3.00%	2019	205,000	117,400
		2.00% - 3.00%	2020 - 24	1,090,000	510,950
		3.00% - 5.00%	2025 - 29	1,275,000	312,850
		5.00%	2030 - 33	580,000	100,750
Totals - Revenue Bonds, Series 2012				<u>\$3,905,000</u>	<u>\$1,557,950</u>
 <i>Notes Payable</i>					
Water & Sewer - GEFA	\$9,660	0.00%	2015	\$495	\$0
		0.00%	2016	495	0
		0.00%	2017	495	0
		0.00%	2018	496	0
		0.00%	2019	496	0
		0.00%	2020	248	0
Totals - GEFA				<u>\$2,725</u>	<u>\$0</u>
 <i>Water &amp; Sewer - GEFA/GLCP</i>					
Water & Sewer - GEFA/GLCP	\$135,254	3.00%	2015	\$14,596	\$1,076
		3.00%	2016	15,040	632
		3.00%	2017	12,882	178
Totals - GEFA/GLCP				<u>\$42,518</u>	<u>\$1,886</u>

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**H. Risk Management**

The City is exposed to various risks of losses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA) and the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. These memberships allow the City to share liability, crime, motor vehicle, and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorized Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency, which functions as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member against liability or loss.

Chapter 9, Article 5 of Title 34 of the Official Code of Georgia Annotated authorized the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The Fund is to defend, in the name of and on behalf of its members, any suits or other proceedings which may be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia. The liability of the Fund to employees of any member employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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 report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss. The City also is to allow the pools' agents and attorneys represent the City in investigations, settlement disclosures and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

These Funds are to defend and protect the members of the funds against liability or loss as prescribed in the member contracts and in accordance with the workers' compensation laws of Georgia. The Funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Management believes this coverage is adequate to preclude any significant uninsured risk exposure to the City.

The City retains the first \$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.

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

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**I. Litigation**

The City Attorney advised that no legal actions were in progress by or against the City at June 30, 2014, that would have a material effect on the City's financial condition.

**J. Compliance with Legal Provisions**

**State Laws**

**Budgets** - The City was in compliance with Title 36, Chapter 91, Section 3-6 of the Official Code of Georgia, Annotated (OCGA) which requires the adoption of balanced budgets.

**Special Purpose Local Option Sales Tax** - The City expended \$48,602 of special purpose local option sales tax on street infrastructure (paving) and transferred \$100,000 to the Water & Sewer Fund for infrastructure improvements during the current fiscal year.

The City received \$218,839 from the Georgia Department of Transportation through its LMIG program.

**Federal Laws**

The City received additional funding from the COPS Hiring Program award from the US Department of Justice during the year in the amount of \$34,893.

**K. Contingent Liabilities**

The City participates in both federal and state assistance programs which are subject to program compliance audits by the grantors or their representatives.

**L. Related Parties**

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

**M. Retirement/Pension Plans**

The City's employees are covered under the Social Security Act maintained by the Federal Government. The City also participates in a deferred compensation plan (IRC Section 457) for all full-time City employees, excluding elected officials. Employees are eligible to participate in the plan after one year and having at least 1,000 hours continuous service. Employees are not required to participate in the (457) plan; however, the City provides substantial incentives for participation. The City will match employee contributions up to five percent (5%) of the

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 4. Detailed Notes on All Funds, continued**

**M. Retirement/Pension Plans, continued**

employee's annual compensation not to exceed \$7,500 per year. Contributions are fully vested and are expensed by the City. One hundred percent (100%) of these funds goes into a fixed-rate savings account. The City paid \$9,949 in benefits and City employees contributed \$10,763 during the current fiscal year.

The City's deferred compensation plan, City of Statham Employees Deferred Compensation Retirement Plan, a defined contribution plan was authorized by the City Council by passage of an ordinance and is administered by an insurance company, Hartford Life Insurance Company.

The City's total payroll for the fiscal year was \$734,661; including payroll of \$198,976 covered by the plan. The plan had \$345,433 of assets and reserves as of June 30, 2014.

**N. Net Position**

Net position on the government-wide statement of net position as of June 30, 2014 is as follows:

	Governmental Activities	Business-type Activities
<u>Investments in capital assets, net of related debt</u>		
Cost of capital assets and capital-related charges	\$3,350,165	\$9,950,807
Less: accumulated depreciation	1,084,849	2,841,518
Book Value	\$2,265,316	\$7,109,289
Less: capital related debt, net of unspent proceeds		3,878,313
Invested in capital assets, net of related debt	\$2,265,316	\$3,230,976

**Note 5. Other Notes**

**A. Changes in Contributed Capital - Enterprise Funds**

Water & Sewer	
Balance - July 1, 2013	\$ 1,294,802
Depreciation on Contributed Assets (Assets purchased with Grant Funds)	(43,666)
Balance - June 30, 2014	\$ 1,251,136

**City of Statham, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Note 5. Other Notes, continued**

**B. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the twelve (12) county northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2014, the City's membership dues were assessed to and paid by Barrow County, Georgia. The City of Statham did not pay any annual dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements for the RC may be obtained from:

Northeast Georgia Regional Commission  
305 Research Drive  
Athens, Georgia 30605-2795

**C. Other Post-Employment Benefits**

The City does not provide post retirement benefits other than pension benefits as outlined in Note 4 M (Retirement/Pension Plans).

**City of Statham, Georgia**  
**Supplemental Statements and Schedules**  
**For the Fiscal Year Ended June 30, 2014**



**City of Statham, Georgia**  
**Special Revenue Fund - Police**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>		
<b>REVENUES</b>					
Intergovernmental	\$ _____	\$ 35,000	\$ 35,000	\$ 34,893	\$ (107)
<b>TOTAL REVENUES</b>	\$ 0	\$ 35,000	\$ 35,000	\$ 34,893	\$ (107)
<b>EXPENDITURES</b>					
Current					
Public Works					
Capital Outlay	\$ _____	\$ 35,000	\$ 35,000	\$ 34,893	\$ 107
<b>TOTAL EXPENDITURES</b>	\$ 0	\$ 35,000	\$ 35,000	\$ 34,893	\$ 107
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers	\$ _____	\$ _____	\$ 0	\$ 0	\$ 0
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET CHANGE IN FUND BALANCE</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>FUND BALANCE - BEGINNING OF YEAR</b>				\$ 0	
<b>FUND BALANCE - END OF YEAR</b>				<u>\$ 0</u>	

**City of Statham, Georgia**  
**Enterprise Funds - Water & Sewer**  
**Schedule of Revenues, Expenses and Changes in**  
**Net Position - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenues:</b>			
Metered Sales - Water	\$ 682,000	\$ 705,796	\$ 23,796
Tapping/Reconnect Fees - Water	34,000	10,625	(23,375)
Sewer Fees	154,000	164,164	10,164
Tapping/Capacity Fees - Sewer	45,929	77,484	31,555
Late Fees & Penalties	31,435	37,622	6,187
<b>Total Operating Revenues</b>	<u>\$ 947,364</u>	<u>\$ 995,691</u>	<u>\$ 48,327</u>
<b>Operating Expenses:</b>			
<i>Water</i>			
Personal Services & Benefits	\$ 232,890	\$ 183,810	\$ 49,080
Purchased/Contracted Services	145,141	105,824	39,317
Supplies	97,740	157,697	(59,957)
Other	140	140	0
Depreciation	118,053	123,144	(5,091)
<i>Sewer</i>			
Purchased/Contracted Services	57,100	26,439	30,661
Supplies	62,650	42,147	20,503
Depreciation	90,650	94,560	(3,910)
<b>Total Operating Expenses</b>	<u>\$ 804,364</u>	<u>\$ 733,761</u>	<u>\$ 70,603</u>
<b>Operating Income/(Loss)</b>	<u>\$ 143,000</u>	<u>\$ 261,930</u>	<u>\$ 118,930</u>
<b>Nonoperating Income and (Expenses):</b>			
Interest Income	\$ 2,000	\$ 530	\$ (1,470)
Interest Expense	(145,000)	(142,063)	2,937
<b>Net Nonoperating Income/(Expense)</b>	<u>\$ (143,000)</u>	<u>\$ (141,533)</u>	<u>\$ 1,467</u>
<b>Net Income/(Loss) before Transfers</b>	<u>\$ 0</u>	<u>\$ 120,397</u>	<u>\$ 120,397</u>
<b>Transfers</b>	<u>0</u>	<u>(218,577)</u>	<u>(218,577)</u>
<b>Change in Net Position</b>	<u>\$ 0</u>	<u>\$ (98,180)</u>	<u>\$ (98,180)</u>
<b>Net Position - Beginning of Year</b>		3,591,886	
<b>Net Position - End of Year</b>		<u>\$ 3,493,706</u>	

**City of Statham, Georgia**  
**Enterprise Funds - Solid Waste**  
**Schedule of Revenues, Expenses, and Changes in**  
**Net Position - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenues:</b>			
Charges for Services	\$ 150,800	\$ 165,936	\$ 15,136
<b>Total Operating Revenues</b>	<u>\$ 150,800</u>	<u>\$ 165,936</u>	<u>\$ 15,136</u>
<b>Operating Expenses:</b>			
Purchased/Contracted Services	\$ 150,800	\$ 167,232	\$ (16,432)
Supplies		808	(808)
<b>Total Operating Expenses</b>	<u>\$ 150,800</u>	<u>\$ 168,040</u>	<u>\$ (17,240)</u>
<b>Operating Income</b>	<u>\$ 0</u>	<u>\$ (2,104)</u>	<u>\$ (2,104)</u>
<b>Nonoperating Income and (Expenses):</b>			
Interest Income	\$	\$ 3	\$ 3
<b>Net Nonoperating Income/(Expense)</b>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 3</u>
<b>Net Income (Loss) before Transfers</b>	<u>\$ 0</u>	<u>\$ (2,101)</u>	<u>\$ (2,101)</u>
<b>Transfers</b>		<u>2,308</u>	<u>2,308</u>
<b>Change in Net Position</b>	<u>\$ 0</u>	<u>\$ 207</u>	<u>\$ 207</u>
<b>Net Position - Beginning of Year</b>		<u>2,481</u>	
<b>Net Position - End of Year</b>		<u>\$ 2,688</u>	

**City of Statham, Georgia**  
**Special Schedules and Reports**  
**For the Fiscal Year Ended June 30, 2014**

**City of Statham, Georgia**  
**Schedule of Project Expenditures with**  
**Special Purpose Local Option Sales Tax Revenue**  
**For the Fiscal Year Ended June 30, 2014**

	Original Estimated Cost	EXPENDITURES		% of Completion
		Prior Years	Current Year	
<b>Project - 2006 SPLOST</b>				
<b>PUBLIC WORKS:</b>				
<i>Road Improvements - Paving</i>	\$ 600,000	\$ 189,649	\$ 48,602	\$ 238,251
<b>Project - 2012 SPLOST</b>				
<b>WATER &amp; SEWER SYSTEM:</b>				
<i>Water &amp; Sewer System Improvements</i>	\$ 1,405,980	\$ 95,000	\$ 100,000	\$ 195,000
<b>SPLOST TOTALS</b>	\$ 2,005,980	\$ 284,649	\$ 148,602	\$ 433,251

HUBERT A. BRISCOE, CPA

*Certified Public Accountant*

P. O. Box 531

47 North Center Street

Winder, Georgia 30680-0531

Office (770) 867-1270 / Fax (770) 867-8798

AICPA MEMBER AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

CPA MEMBER GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditor's Report**

Honorable Mayor and City Council  
City of 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, each major fund and remaining fund information of the City of Statham, Georgia, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Statham, Georgia's basic financial statements, and have issued our report thereon dated December 30, 2014.

**Internal Control Over Financial Reporting**

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

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


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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

  
**HUBERT A. BRISCOE, CPA**  
Winder, Georgia 30680-0530  
December 30, 2014