

CITY OF STATHAM, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended
June 30, 2024

**CITY OF STATHAM, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

January 17, 2025

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF STATHAM, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 the aggregate remaining fund information of CITY OF STATHAM, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of CITY OF STATHAM and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CITY OF STATHAM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted audit standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CITY OF STATHAM'S internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CITY OF STATHAM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule - General Fund and Budgetary Comparison Schedule - ARPA Fund listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion & Analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CITY OF STATHAM's basic financial statements. The combining and individual nonmajor fund financial statements, and Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the CITY OF STATHAM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF STATHAM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF STATHAM's internal control over financial reporting and compliance.

Bates, Carter & Co., LLP

CITY OF STATHAM, GEORGIA
STATEMENT OF NET POSITION
June 30, 2024

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 2,113,286	\$ 5,902,838	\$ 8,016,124
Receivables (net of allowance for uncollectibles)	319,569	126,474	446,043
Internal balances	3,387,683	(3,387,683)	-
Prepaid items	32,921	-	32,921
Restricted assets:			
Cash	224,856	35,197	260,053
Non-current assets:			
Prepaid capacity	-	655,000	655,000
Capital assets:			
Capital assets not being depreciated	365,949	567,753	933,702
Capital assets being depreciated	3,289,702	10,190,223	13,479,925
Less: accumulated depreciation	(1,756,833)	(4,910,846)	(6,667,679)
Capital assets, net of depreciation	<u>1,898,818</u>	<u>5,847,130</u>	<u>7,745,948</u>
Right to Use Assets:			
Leased asset	114,051	-	114,051
Accumulated amortization	(39,918)	-	(39,918)
Right to Use assets, net of amortization	<u>74,133</u>	<u>-</u>	<u>74,133</u>
TOTAL ASSETS	<u><u>8,051,266</u></u>	<u><u>9,178,956</u></u>	<u><u>17,230,222</u></u>
LIABILITIES			
Accounts payable	121,636	777,154	898,790
Accrued interest payable	-	6,696	6,696
Other accrued items	59,324	-	59,324
Unearned revenue	1,068,386	-	1,068,386
Amounts held in trust	334,103	-	334,103
Customer Deposits	-	109,280	109,280
Noncurrent liabilities:			
Due within one year:			
Compensated absences payable	27,419	-	27,419
Notes from direct borrowings	-	26,480	26,480
Financed purchases payable	53,931	-	53,931
Revenue bonds payable	-	263,197	263,197
Right to use liability	22,657	-	22,657
Due in more than one year:			
Compensated absences payable	41,129	-	41,129
Notes from direct borrowings	-	74,928	74,928
Financed purchases payable	25,822	-	25,822
Right to use liability	53,051	-	53,051
Revenue bonds payable	-	546,393	546,393
TOTAL LIABILITIES	<u><u>1,807,458</u></u>	<u><u>1,804,128</u></u>	<u><u>3,611,586</u></u>
NET POSITION			
Net investment in capital assets	1,817,490	4,936,132	6,753,622
Restricted for:			
Capital outlay projects	810,530	-	810,530
Debt service	-	35,197	35,197
Public safety programs	224,856	-	224,856
Unrestricted	3,390,932	2,403,499	5,794,431
TOTAL NET POSITION	<u><u>\$ 6,243,808</u></u>	<u><u>\$ 7,374,828</u></u>	<u><u>\$ 13,618,636</u></u>

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

					NET (EXPENSE) AND CHANGES IN NET POSITION....		
					PRIMARY GOVERNMENT.....		
					PROGRAM REVENUES.....		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 676,301	\$ 236,498	\$ -	\$ -	\$ (439,803)	\$ -	\$ (439,803)
Judicial	79,725	-	-	-	(79,725)	-	(79,725)
Public safety	1,339,839	14,685	-	-	(1,325,154)	-	(1,325,154)
Public works	474,899	-	172,018	470,130	167,249	-	167,249
Public health and welfare	44,680	-	-	-	(44,680)	-	(44,680)
Recreation and culture	116,412	5,240	-	-	(111,172)	-	(111,172)
Housing and development	72,664	241,198	-	-	168,534	-	168,534
Interest	4,731	-	-	-	(4,731)	-	(4,731)
Total Governmental Activities	<u>2,809,251</u>	<u>497,621</u>	<u>172,018</u>	<u>470,130</u>	<u>(1,669,482)</u>	<u>-</u>	<u>(1,669,482)</u>
BUSINESS-TYPE ACTIVITIES							
Water and sewer	<u>1,382,763</u>	<u>1,590,228</u>	<u>-</u>	<u>235,200</u>	<u>-</u>	<u>442,665</u>	<u>442,665</u>
Total Business-Type Activities	<u>1,382,763</u>	<u>1,590,228</u>	<u>-</u>	<u>235,200</u>	<u>-</u>	<u>442,665</u>	<u>442,665</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,192,014</u>	<u>\$ 2,087,849</u>	<u>\$ 172,018</u>	<u>\$ 705,330</u>	<u>(1,669,482)</u>	<u>442,665</u>	<u>(1,226,817)</u>
GENERAL REVENUES							
Property taxes					681,788	-	681,788
Sales taxes					650,702	-	650,702
Insurance premium taxes					251,596	-	251,596
Franchise taxes					221,819	-	221,819
Alcohol beverage taxes					45,541	-	45,541
Real estate recording taxes					8,577	-	8,577
Other taxes					22,047	-	22,047
Total taxes					<u>1,882,070</u>	<u>-</u>	<u>1,882,070</u>
Unrestricted investment earnings					140,414	15,068	155,482
Gain(Loss) on sale of capital assets					(1,898)	-	(1,898)
TRANSFERS					<u>(1,235,795)</u>	<u>1,235,795</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>784,791</u>	<u>1,250,863</u>	<u>2,035,654</u>
CHANGES IN NET POSITION					<u>(884,691)</u>	<u>1,693,528</u>	<u>808,837</u>
NET POSITION, Beginning					7,077,054	5,681,300	12,758,354
PRIOR PERIOD ADJUSTMENT					51,445	-	51,445
NET POSITION, Beginning as restated					<u>7,128,499</u>	<u>5,681,300</u>	<u>12,809,799</u>
NET POSITION, Ending					<u>\$ 6,243,808</u>	<u>\$ 7,374,828</u>	<u>\$ 13,618,636</u>

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL	SPLOST	ARPA FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 398,480	\$ 561,310	\$ 1,099,616	\$ 53,880	\$ 2,113,286
Receivables (net of allowance for uncollectibles)	154,229	49,573	-	115,767	319,569
Interfund receivables	3,357,683	30,000	-	-	3,387,683
Prepaid items	32,921	-	-	-	32,921
Restricted assets:					
Cash	224,856	-	-	-	224,856
TOTAL ASSETS	<u>\$ 4,168,169</u>	<u>\$ 640,883</u>	<u>\$ 1,099,616</u>	<u>\$ 169,647</u>	<u>\$ 6,078,315</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 121,635	\$ -	\$ -	\$ -	\$ 121,635
Other accrued items	59,324	-	-	-	59,324
Unearned revenue	8,200	-	1,060,186	-	1,068,386
Amounts held in trust	334,103	-	-	-	334,103
TOTAL LIABILITIES	<u>523,262</u>	<u>-</u>	<u>1,060,186</u>	<u>-</u>	<u>1,583,448</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	80,480	-	-	-	80,480
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>80,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,480</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>603,742</u>	<u>-</u>	<u>1,060,186</u>	<u>-</u>	<u>1,663,928</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditure	32,921	-	-	-	32,921
Restricted:					
Capital outlay projects	-	640,883	-	169,647	810,530
Public safety programs	224,856	-	-	-	224,856
Unassigned	3,306,650	-	39,430	-	3,346,080
TOTAL FUND BALANCES	<u>3,564,427</u>	<u>640,883</u>	<u>39,430</u>	<u>169,647</u>	<u>4,414,387</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,168,169</u>	<u>\$ 640,883</u>	<u>\$ 1,099,616</u>	<u>\$ 169,647</u>	<u>\$ 6,078,315</u>

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
For the Year Ended June 30, 2024

Total Fund Balances for Governmental Funds (page 3) **\$ 4,414,387**

Total net position reported for governmental activities in the statement
of net position is different because:

Capital assets used in the governmental activities are not financial
resources and therefore are not reported in the funds. 1,898,818

Right to Use lease assets used in the governmental activities are not financial
resources and therefore are not reported in the funds. 74,133

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

Property Taxes	80,480	80,480
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Some liabilities and deferred inflows, including bonds payable, are not due and
payable in the current period and therefore are not reported in the funds.

Compensated absences	(68,548)	
Financed purchases	(79,753)	
Lease liability	(75,708)	
		(224,009)
Rounding		(1)

Total net position of governmental activities (page 1) **\$ 6,243,808**

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

REVENUES	GENERAL	SPLOST	ARPA FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Taxes	\$ 1,870,781	\$ -	\$ -	\$ -	\$ 1,870,781
Licenses and permits	241,198	-	-	-	241,198
Intergovernmental	6,007	456,399	-	169,658	632,064
Fines and forfeitures	209,686	-	-	-	209,686
Charges for services	44,318	-	-	-	44,318
Contributions and donations	821	-	-	-	821
Investment income	107,037	17,900	31,564	2	156,503
Miscellaneous	2,420	-	-	-	2,420
TOTAL REVENUES	2,482,268	474,299	31,564	169,660	3,157,791
EXPENDITURES					
Current Expenditures					
General government	623,862	-	-	-	623,862
Judicial	79,725	-	-	-	79,725
Public safety	1,195,679	-	-	-	1,195,679
Public works	426,441	-	-	13	426,454
Public health and welfare	44,680	-	-	-	44,680
Culture and Recreation	116,412	-	-	-	116,412
Housing and development	72,664	-	-	-	72,664
Intergovernmental	10,769	-	-	-	10,769
Capital outlay	79,064	-	-	-	79,064
Debt service					
Principal	49,680	-	-	38,414	88,094
Interest	106	-	-	4,625	4,731
TOTAL EXPENDITURES	2,699,082	-	-	43,052	2,742,134
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(216,814)	474,299	31,564	126,608	415,657
OTHER FINANCING SOURCES (USES)					
Sale of county property	157,247	-	-	-	157,247
Transfers in	187,500	-	-	1,424,334	1,611,834
Transfers out	(85,040)	(1,381,294)	-	(1,381,295)	(2,847,629)
TOTAL OTHER FINANCING SOURCES (USES)	259,707	(1,381,294)	-	43,039	(1,078,548)
NET CHANGE IN FUND BALANCES	42,893	(906,995)	31,564	169,647	(662,891)
FUND BALANCES, Beginning of year	3,470,089	1,547,878	7,866	-	5,025,833
PRIOR PERIOD ADJUSTMENT	51,445	-	-	-	51,445
FUND BALANCES, Beginning of year, restated	3,521,534	1,547,878	7,866	-	5,077,278
FUND BALANCES, End of year	\$ 3,564,427	\$ 640,883	\$ 39,430	\$ 169,647	\$ 4,414,387

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net change in fund balances (page 5) \$ (662,891)

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

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

Capital outlays	79,064	
Depreciation expense	(183,575)	
Amortization expense	<u>(22,810)</u>	
		(127,321)

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

Net book value of capital assets disposed of	<u>(159,145)</u>	
		(159,145)

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

Property taxes	<u>80,480</u>	
		80,480

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

Property taxes	<u>(76,018)</u>	
		(76,018)

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

Principal payments on long-term debt	<u>88,094</u>	
		88,094

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

Compensated absences, current year	(68,549)	
Compensated absences, prior year	<u>40,658</u>	
		(27,891)

Rounding		<u>1</u>
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Changes in net position of governmental activities (page 2) \$ (884,691)

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	WATER & SEWER FUND	NONMAJOR SOLID WASTE FUND	TOTAL
ASSETS			
Current Assets			
Cash	\$ 5,902,838	\$ -	\$ 5,902,838
Receivables (net of allowance for uncollectibles)	126,474	-	126,474
Restricted assets:			
Cash	35,197	-	35,197
TOTAL CURRENT ASSETS	<u>6,064,509</u>	<u>-</u>	<u>6,064,509</u>
Noncurrent Assets			
Prepaid capacity	655,000	-	655,000
Capital assets			
Capital assets not being depreciated	567,753	-	567,753
Capital assets being depreciated	10,190,223	-	10,190,223
Less: accumulated depreciation	(4,910,846)	-	(4,910,846)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>5,847,130</u>	<u>-</u>	<u>5,847,130</u>
TOTAL NONCURRENT ASSETS	<u>6,502,130</u>	<u>-</u>	<u>6,502,130</u>
TOTAL ASSETS	<u>12,566,639</u>	<u>-</u>	<u>12,566,639</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>12,566,639</u>	<u>-</u>	<u>12,566,639</u>
LIABILITIES			
Current Liabilities			
Accounts payable	777,154	-	777,154
Accrued interest	6,696	-	6,696
Interfund payables	3,387,683	-	3,387,683
Notes from direct borrowings	26,480	-	26,480
Revenue bonds payable	263,197	-	263,197
TOTAL CURRENT LIABILITIES	<u>4,461,210</u>	<u>-</u>	<u>4,461,210</u>
Noncurrent Liabilities			
Customer deposits	109,280	-	109,280
Notes from direct borrowings	74,928	-	74,928
Revenue bonds payable	546,393	-	546,393
TOTAL NONCURRENT LIABILITIES	<u>730,601</u>	<u>-</u>	<u>730,601</u>
TOTAL LIABILITIES	<u>5,191,811</u>	<u>-</u>	<u>5,191,811</u>
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>5,191,811</u>	<u>-</u>	<u>5,191,811</u>
NET POSITION			
Net investment in capital assets	4,936,132	-	4,936,132
Restricted for debt service	35,197	-	35,197
Unrestricted	2,403,499	-	2,403,499
TOTAL NET POSITION	<u>\$ 7,374,828</u>	<u>\$ -</u>	<u>\$ 7,374,828</u>

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	WATER & SEWER FUND	NONMAJOR SOLID WASTE FUND	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Pledged as security for revenue bonds:			
Charges for services	\$ 1,439,117	\$ -	\$ 1,439,117
Other operating revenue			
Connection fees	6,100	-	6,100
Other	144,320	-	144,320
Miscellaneous Income	691	-	691
Total Operating Revenues	<u>1,590,228</u>	<u>-</u>	<u>1,590,228</u>
OPERATING EXPENSES			
Salaries and benefits	69,821	-	69,821
Supplies	68,165	-	68,165
Other services and charges	237,822	-	237,822
Depreciation	198,988	-	198,988
Repairs and maintenance	155,484	-	155,484
Utilities	30,459	-	30,459
Water purchases	591,902	-	591,902
Total Operating Expenses	<u>1,352,641</u>	<u>-</u>	<u>1,352,641</u>
OPERATING INCOME	<u>237,587</u>	<u>-</u>	<u>237,587</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	15,068	-	15,068
Interest expense	(30,122)	-	(30,122)
Total Nonoperating Revenues (Expenses)	<u>(15,054)</u>	<u>-</u>	<u>(15,054)</u>
INCOME (LOSS) BEFORE TRANSFERS	222,533	-	222,533
Water connection fees	180,000	-	180,000
Sewer connection fees	55,200	-	55,200
Transfer in	1,545,219	-	1,545,219
Transfer out	(187,500)	(121,924)	(309,424)
CHANGE IN NET POSITION	<u>1,815,452</u>	<u>(121,924)</u>	<u>1,693,528</u>
TOTAL NET POSITION, Beginning of year	5,559,376	121,924	5,681,300
TOTAL NET POSITION, End of year	<u>\$ 7,374,828</u>	<u>\$ -</u>	<u>\$ 7,374,828</u>

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	WATER & SEWER FUND	NONMAJOR SOLID WASTE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	\$ 1,594,067	\$ -	\$ 1,594,067
Payments to suppliers	(1,019,108)	121,924	(897,184)
Payments to employees	(115,777)	-	(115,777)
	<u>459,182</u>	<u>121,924</u>	<u>581,106</u>
Net cash provided by (used in) operating activities			
	<u>459,182</u>	<u>121,924</u>	<u>581,106</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(187,500)	(121,924)	(309,424)
	<u>(187,500)</u>	<u>(121,924)</u>	<u>(309,424)</u>
Net Cash provided (used) by non-capital financing activities			
	<u>(187,500)</u>	<u>(121,924)</u>	<u>(309,424)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(42,000)	-	(42,000)
Water/Sewer tap fees in excess of cost	235,200	-	235,200
Transfers in/out	1,545,219	-	1,545,219
Principal payments on debt	(1,371,081)	-	(1,371,081)
Interest paid	(54,086)	-	(54,086)
	<u>313,252</u>	<u>-</u>	<u>313,252</u>
Net cash provided by (used in) capital and related financing activities			
	<u>313,252</u>	<u>-</u>	<u>313,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	15,068	-	15,068
	<u>15,068</u>	<u>-</u>	<u>15,068</u>
Net cash provided by (used in) investing activities			
	<u>15,068</u>	<u>-</u>	<u>15,068</u>
Net increase (decrease) in cash and cash equivalents	600,002	-	600,002
CASH, Beginning of year	5,338,033	-	5,338,033
CASH, End of year	<u>\$ 5,938,035</u>	<u>\$ -</u>	<u>\$ 5,938,035</u>
RECONCILIATION OF CASH			
Cash	\$ 5,902,838	\$ -	\$ 5,902,838
Restricted Cash	35,197	-	35,197
Total Cash	<u>\$ 5,938,035</u>	<u>\$ -</u>	<u>\$ 5,938,035</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 237,587	\$ -	\$ 237,587
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	198,988	-	198,988
(Increase) decrease in:			
Accounts receivable	3,839	-	3,839
Prepaid expenses	(507,567)	-	(507,567)
Increase (decrease) in:			
Accounts payable	712,437	-	712,437
Customer deposits	(44,466)	-	(44,466)
Other accrued items	(1,490)	-	(1,490)
Interfund balances	(140,146)	121,924	(18,222)
	<u>459,182</u>	<u>121,924</u>	<u>581,106</u>
Net cash provided by (used in) operating activities			
	<u>\$ 459,182</u>	<u>\$ 121,924</u>	<u>\$ 581,106</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES			
Amortization of premium on bonds payable	\$ 23,197	\$ -	\$ 23,197

The accompanying notes are an integral part of this statement.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

The reporting entity consists of the following:

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

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

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and any component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

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

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

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

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

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

Cumulative effect of prior period adjustments

In 2024 the City recognized a prior period adjustment for error correction as of July 1, 2023 in order to retroactively report the change to the earliest period reported. This adjustment was recorded to correct the accounts payable balance in the General Fund as an error correction.

	Governmental Activities	General Fund
Beginning net position/fund balance, as previously reported	\$ 7,077,054	\$ 3,470,089
To correct accounts payable	<u>51,455</u>	<u>51,455</u>
Beginning net position/fund balance, as restated	<u>\$ 7,128,499</u>	<u>\$ 3,521,534</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

The City reports the following major governmental funds:

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

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

The *ARPA Fund* accounts for funds received from the federal American Rescue Plan Act for economic relief.

The City reports the following major proprietary fund:

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

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

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

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

(D) ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

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

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

Receivables and Payables

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

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

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

Property taxes attach as an enforceable lien on property as of July 31. Taxes are normally levied by October 10th of each year. The 2024 property taxes were levied October 10, 2023, and were due December 31, 2023. The taxes are subject to lien after March 31, 2024. Interest and penalties are assessed on taxes not paid by this date.

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

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, or the appraised value at the time of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Interest was not capitalized during 2024.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

Right to Use Assets and Liabilities

Intangible assets are classified as right-to-use lease assets under GASB No. 87 and are amortized based on the underlying asset life.

The City is a lessee for a noncancellable lease of a building. The City recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities of the City.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Deferred Outflows/Inflows of Resources

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with GASB No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Debt issuance costs are included in their entirety in expenditures/expenses in the year they are incurred.

Bond Premiums and Discounts

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

Fund Equity/Net Position

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Nonspendable - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the the City Council must adopt another resolution.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Administrator to assign fund balances.

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

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of June 30, 2024 are as follows:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 3,655,651	\$ 10,757,976
Cost of right to use assets	114,051	-
Accumulated amortization	(39,918)	-
Accumulated depreciation	(1,756,833)	(4,910,846)
Net book value of capital assets	1,972,951	5,847,130
Finance Purchases related debt	(79,753)	-
Revenue bonds related to capital assets	-	(809,590)
Notes from direct borrowings	-	(101,408)
Right to use liability	(75,708)	-
Net investment in capital assets	<u>\$ 1,817,490</u>	<u>\$ 4,936,132</u>

Management Estimates

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

Allocation of Indirect Cost

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports \$1,035,386 of restricted net position, of which \$865,739 is restricted by enabling legislation.

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

Restricted:

General Fund

<i>Public Safety</i> - For monies restricted from collections of police confiscations and speed camera fines.	\$ 224,856
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SPLOST Fund

For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum.	640,883
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Nonmajor Capital Projects Funds

T-SPLOST Fund

For funds received from the imposition of the Transportation Special Purpose Local Option Sales Tax (T-SPLOST) restricted by the voter approved referendum.	<u>169,647</u>
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Total Restricted Fund Balance	<u><u>\$ 1,035,386</u></u>
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NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Budgeting Policy

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

Basis for Budgeting

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

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General, Special Revenue, Debt Service, or Proprietary Funds. The City of Statham has no recorded encumbrances at June 30, 2024.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

The following cost centers had expenditures in excess of appropriations for the fiscal year ended June 30, 2024:

Judicial - The \$20,025 excess of expenditures over appropriations is attributable to the Superior Court department being under budgeted.

Public Safety - The \$4,161 excess of expenditures over appropriations is attributable to the Police department being under budgeted.

Health and Welfare - The \$52,537 excess of expenditures over appropriations is attributable to the Community Center department being under budgeted.

Culture and Recreation - The \$818 excess of expenditures over appropriations is attributable to the Library department being under budgeted.

Housing and Development - The \$15,416 excess of expenditures over appropriations is attributable to the Building Inspections department being under budgeted.

(C) DEFICIT FUND EQUITY

At June 30, 2024, no funds had deficit fund equity.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Credit Risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The City has no investment policy that would further limit its investment choices. At June 30, 2024, the ratings of its investments are shown above.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

Custodial credit risk - deposits. In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured. As of June 30, 2024, all of the City's deposits were insured or were adequately collateralized with securities held by the pledging financial institution's name.

As of June 30, 2024, the City's bank balance of \$8,238,404 was adequately collateralized with securities held by the pledging financial institution's name.

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

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

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

The City utilized the dedicated method to secure deposits of public funds.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - RECEIVABLES

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

	General Fund	SPLOST Fund	Water & Sewer Fund	Nonmajor Governmental Funds
Receivables:				
Property Taxes	\$ 82,270	\$ -	\$ -	\$ -
Accounts	1,106	-	141,199	-
Intergovernmental	70,853	49,573	-	115,767
Total Gross Receivables	154,229	49,573	141,199	115,767
Less: Allowance for Uncollectibles	-	-	(14,725)	-
Total Net Receivables	<u>\$ 154,229</u>	<u>\$ 49,573</u>	<u>\$ 126,474</u>	<u>\$ 115,767</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes (General Fund)	\$ 80,480	\$ -
Grant drawdowns prior to meeting all eligibility requirements (ARPA Fund)	-	1,060,186
Revenue received prior to meeting all eligibility requirements (General Fund)	-	8,200
Total unavailable/ unearned revenue for governmental funds	<u>\$ 80,480</u>	<u>\$ 1,068,386</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Property taxes receivable at June 30, 2024, consist of the following:

<u>Digest Year</u>	<u>General Fund</u>
2023	\$ 33,414
2022	5,987
2021	3,949
2020	3,495
2019	2,343
2018	2,085
2017	1,614
2016	2,007
2015	3,225
2014	2,210
2013	3,129
2012 & prior	3,772
Penalties	4,491
Interest	10,549
Total	<u>\$ 82,270</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 365,949	\$ -	\$ -	\$ -	\$ 365,949
Construction in progress	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>
Total non-depreciable capital assets	<u>371,949</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>365,949</u>
Depreciable Assets:					
Buildings and improvements	524,899	-	-	6,000	530,899
Machinery and Vehicles	1,181,657	79,064	-	-	1,260,721
Infrastructure	<u>1,698,265</u>	<u>-</u>	<u>(200,183)</u>	<u>-</u>	<u>1,498,082</u>
Total depreciable capital assets	<u>3,404,821</u>	<u>79,064</u>	<u>(200,183)</u>	<u>6,000</u>	<u>3,289,702</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(324,765)	(11,268)	-	-	(336,033)
Machinery and Vehicles	(765,005)	(139,009)	-	-	(904,014)
Infrastructure	<u>(524,526)</u>	<u>(33,298)</u>	<u>41,038</u>	<u>-</u>	<u>(516,786)</u>
Total accumulated depreciation	<u>(1,614,296)</u>	<u>(183,575)</u>	<u>41,038</u>	<u>-</u>	<u>(1,756,833)</u>
Total depreciable capital assets, net	<u>1,790,525</u>	<u>(104,511)</u>	<u>(159,145)</u>	<u>6,000</u>	<u>1,532,869</u>
Governmental activities capital assets, net	<u>\$ 2,162,474</u>	<u>\$ (104,511)</u>	<u>\$ (159,145)</u>	<u>\$ -</u>	<u>\$ 1,898,818</u>

Additions to governmental activities capital assets for fiscal year ending June 30, 2024 consist of the following:

Capital Outlay	\$ 79,064
Total Additions	<u>\$ 79,064</u>
Depreciable capital assets additions	\$ 79,064
Total Additions	<u>\$ 79,064</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Governmental Activities:	
General Government	\$ 49,565
Public Safety	103,672
Public Works	30,338
Total depreciation expense: Governmental Activities	<u>\$ 183,575</u>

Capital asset activity for business-type funds for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 525,753	\$ -	\$ -	\$ -	\$ 525,753
Construction in progress	-	42,000	-	-	42,000
Total non-depreciable capital assets	<u>525,753</u>	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>567,753</u>
Depreciable Assets:					
Buildings and improvements	41,898	-	-	-	41,898
Distribution systems	9,664,575	-	-	-	9,664,575
Machinery and Vehicles	483,750	-	-	-	483,750
Total depreciable capital assets	<u>10,190,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,190,223</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(27,187)	(1,047)	-	-	(28,234)
Distribution Systems	(4,203,917)	(197,291)	-	-	(4,401,208)
Machinery and Vehicles	(480,754)	(650)	-	-	(481,404)
Total accumulated depreciation	<u>(4,711,858)</u>	<u>(198,988)</u>	<u>-</u>	<u>-</u>	<u>(4,910,846)</u>
Total depreciable capital assets, net	<u>5,478,365</u>	<u>(198,988)</u>	<u>-</u>	<u>-</u>	<u>5,279,377</u>
Business-type activities capital assets, net	<u>\$ 6,004,118</u>	<u>\$ (156,988)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,847,130</u>

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

Business-type Activities:	
Water & Sewer	\$ 198,988
Total depreciation expense: Business-type Activities	<u>\$ 198,988</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

The City has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to June 30, 2024, and the remainder of the authorized project expenditures for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Source</u>
Business-type Activities					
Sunset Drive Storm Drain	\$ 42,000	\$ 42,000	\$ -	\$ -	LMIG/Water & Sewer Fund
Total Business-type Activities	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ -</u>	

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Governmental Activities:						
Financed Purchases	\$ 145,753	\$ -	\$ (66,000)	\$ 79,753	\$ 53,931	\$ 25,822
Compensated absences	40,658	78,025	(50,135)	68,548	27,419	41,129
Governmental activities long-term liabilities	<u>\$ 186,411</u>	<u>\$ 78,025</u>	<u>\$ (116,135)</u>	<u>\$ 148,301</u>	<u>\$ 81,350</u>	<u>\$ 66,951</u>
Business-type Activities:						
Revenue bonds	\$ 2,085,000	\$ -	\$ (1,345,000)	\$ 740,000	\$ 240,000	\$ 500,000
Add: Original issue Premiums	92,786	-	(23,196)	69,590	23,197	46,393
Total Revenue Bonds	2,177,786	-	(1,368,196)	809,590	263,197	546,393
Notes from direct borrowings	127,490	-	(26,082)	101,408	26,480	74,928
Business-type activities long-term liabilities	<u>\$ 2,305,276</u>	<u>\$ -</u>	<u>\$ (1,394,278)</u>	<u>\$ 910,998</u>	<u>\$ 289,677</u>	<u>\$ 621,321</u>

Financed purchases are generally liquidated by the General Fund and notes from direct borrowings are generally liquidated by the SPLOST fund. The financed purchases and notes from direct borrowings for business type activities are liquidated by the Water & Sewer enterprise fund.

FINANCED PURCHASES

Vehicles were acquired under financed purchase agreements which bear interest rates from 3.25% to 5.03%. The vehicles have an estimated useful life of five years. The net value of the financed purchases related to the vehicle purchases as of June 30, 2024 is \$45,731.

The City also has a financed purchase with Axon Enterprise, Inc related to public safety equipment. The City is required to make yearly payments. The equipment estimated useful life

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

was 60 months as of the contract commencement. The net value of the financed purchases related to the Axon agreements as of June 30, 2024 is \$34,023.

Minimum future annual debt service required for these financed purchases, as of June 30, 2024, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 53,931	\$ 1,080	\$ 55,011
2026	15,746	27	15,773
2027	10,077	-	10,077
Total	<u>\$ 79,754</u>	<u>\$ 1,107</u>	<u>\$ 80,861</u>

BUSINESS TYPE ACTIVITIES

As of June 30, 2024, the the long-term debt payable from proprietary fund resources consisted of the items described below.

REVENUE BONDS

The City issued revenue bonds to provide funds for the construction and expansion of the Water & Sewer System. The revenue bonds were issued in fiscal year 2012 in the original amount of \$4,265,000 with a variable interest rate range of 2.00% - 5.00%. In fiscal year 2024, the Council approved a redemption of \$1,115,000 of the Series 2012 bonds.

Minimum future annual debt service requirements for the general obligation bonds, as of June 30, 2024, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 240,000	\$ 24,600	\$ 264,600
2026	250,000	15,000	265,000
2027	250,000	7,500	257,500
Total	<u>\$ 740,000</u>	<u>\$ 47,100</u>	<u>\$ 787,100</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTES FROM DIRECT BORROWINGS

In 2015, the City obtained a GEFA construction note payable in the original amount of \$258,100. Upon completion of construction, the total draws on this construction note were \$240,073. Debt payments are due in monthly installments of \$2,320, with an interest rate of 1.52% and final maturity dated June 1, 2027. The note payable was used to finance the improvement and expansion of the City's water system. As of June 30, 2024, the outstanding balance was \$101,408.

The annual debt service requirements to amortize this debt as of June 30, 2024, are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 26,480	\$ 1,357	\$ 27,837
2026	26,885	952	27,837
2027	27,297	541	27,838
2028	20,746	672	21,418
Total	<u>\$ 101,408</u>	<u>\$ 3,522</u>	<u>\$ 104,930</u>

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

NOTE 8 - LEASES

RIGHT TO USE LEASE ASSETS

Right to use lease asset activity for the City for the period ended June 30, 2024, was as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Increase</u>	<u>Remeasurement</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental Activities:					
Lease assets:					
Buildings	\$ 114,051	\$ -	\$ -	\$ -	\$ 114,051
Total lease assets	<u>114,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,051</u>
Less accumulated amortization for:					
Buildings	(17,108)	(22,810)	-	-	(39,918)
Total accumulated amortization	<u>(17,108)</u>	<u>(22,810)</u>	<u>-</u>	<u>-</u>	<u>(39,918)</u>
Total lease assets, net	<u>\$ 96,943</u>	<u>\$ (22,810)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,133</u>

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

LEASE LIABILITIES

Long-term lease liability activity for the period ended June 30, 2024, was as follows:

	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024	Due within one year	Due in more than one year
Lease liabilities:						
Buildings	\$ 97,802	\$ -	\$ (22,094)	\$ 75,708	\$ 22,657	\$ 53,051
Total lease liabilities	\$ 97,802	\$ -	\$ (22,094)	\$ 75,708	\$ 22,657	\$ 53,051

On October 1, 2022, the City entered into a 60 month lease as lessee for the property owned by Casto Brothers, LLC at 1906C Railroad Street. An initial lease liability was recorded in the amount of \$114,052. As of June 30, 2024, the value of the lease liability was \$75,708. The City is required to make yearly payments. The lease has an interest rate of 6%. The net value of the right to use asset as of June 30, 2024 of \$74,133 is included on the lease asset activities table above.

The future minimum lease obligations and the net present value of these minimum lease payments for the period ended June 30, 2024 are as follows:

June 30,	Principal	Interest	Total
2025	\$ 22,657	\$ 327	\$ 22,984
2026	23,231	212	23,443
2027	29,820	100	29,920
Total	\$ 75,708	\$ 639	\$ 76,347

NOTE 9- INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2024, is as follows:

	Due From	
Due To	Water & Sewer Fund	Total
General	\$ 3,357,683	\$ 3,357,683
SPLOST	30,000	30,000
Water and Sewer Fund	-	-
Total	\$ 3,387,683	\$ 3,387,683

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Interfund transfers as of the year ended June 30, 2024 are as follows:

	Transfers Out					Total
	General Fund	SPLOST Fund	Nonmajor Debt Service Fund	Water & Sewer Fund	Nonmajor Solid Waste Fund	
Transfers In						
General Fund	\$ -	\$ -	\$ -	\$ 187,500	\$ -	\$ 187,500
Debt Service Fund	43,040	1,381,294	-	-	-	1,424,334
Water & Sewer Fund	42,000	-	1,381,295	-	121,924	1,545,219
Total	<u>\$ 85,040</u>	<u>\$ 1,381,294</u>	<u>\$ 1,381,295</u>	<u>\$ 187,500</u>	<u>\$ 121,924</u>	<u>\$ 3,157,053</u>

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

NOTE 10 - RETIREMENT PLANS

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. Employees are eligible to participate in the plan after one year and having at least 1,000 hours of continuous service. The City will match employee contributions up to five percent (5%) of the employee's annual compensation not to exceed \$7,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the City and are not reported in these financial statements. The City contribution for fiscal year 2024 was \$12,044.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks in terms of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to any any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the members governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation of defense.

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

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

NOTE 12 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

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

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 - LITIGATION

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

NOTE 14 - CERTAIN SIGNIFICANT ESTIMATES

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

The estimate for allowance for doubtful accounts related to enterprise funds is a significant estimate. The estimate is calculated based on the subsequent month billing schedule after year end.

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

NOTE 15 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the twelve (12) county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City did not pay annual dues to the NEGRC for the year ended June 30, 2024; the City's membership dues were assessed and paid by Barrow County, Georgia. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic Board member from a county.

CITY OF STATHAM, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

NOTE 16 - SEWER CONTRACTS

In 2021, the City purchased 20,528 gallons per day of waste water treatment capacity from the Barrow County Water and Sewer Authority for \$229,500, which has been recorded as capacity held for resale. In 2023, the City purchased an additional 13,750 gallons per day for \$247,500. In 2024, the City purchased an additional 32,750 gallons per day for \$655,000. This asset will be expensed as it is sold to developers and other users. At June 30, 2024, the City has sold 26,500 gallons of the capacity, and the remaining capacity is valued at \$655,000.

CITY OF STATHAM, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 3,521,534	\$ 3,521,534	\$ 3,521,534	\$ -
RESOURCES (INFLOWS)				
Taxes	1,787,500	1,796,500	1,870,781	74,281
Licenses and permits	195,000	211,000	241,198	30,198
Intergovernmental	2,000	500	6,007	5,507
Fines and forfeitures	295,000	207,000	209,686	2,686
Charges for services	25,200	25,200	44,318	19,118
Contributions and donations	-	-	821	821
Investment income	1,000	70,000	107,037	37,037
Miscellaneous	7,500	9,500	2,420	(7,080)
Sale of county property	-	-	157,247	157,247
Transfers in	898,000	898,000	187,500	(710,500)
Total Resources (Inflows)	3,211,200	3,217,700	2,827,015	(390,685)
AMOUNTS AVAILABLE FOR APPROPRIATION	6,732,734	6,739,234	6,348,549	(390,685)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	95,400	96,800	88,738	8,062
Elections	2,000	2,000	1,793	207
City Hall	471,637	477,099	409,433	67,666
Accounting	41,200	124,228	123,898	330
Total General Government	610,237	700,127	623,862	76,265
Judicial				
Superior court	59,700	59,700	79,725	(20,025)
Total Judicial	59,700	59,700	79,725	(20,025)
Public Safety				
Police	1,330,830	1,303,280	1,307,441	(4,161)
Total Public Safety	1,330,830	1,303,280	1,307,441	(4,161)
Public Works				
Public works administration	482,000	465,500	344,612	120,888
Public works	272,500	272,500	81,829	190,671
Total Public Works	754,500	738,000	426,441	311,559
Public Health and Welfare				
Community center	20,000	20,000	72,537	(52,537)
Total Public Health and Welfare	20,000	20,000	72,537	(52,537)
Culture and Recreation				
Library	70,500	70,500	71,318	(818)
Other recreation and culture	46,500	46,500	45,094	1,406
Total Culture and Recreation	117,000	117,000	116,412	588
Housing and development				
Building inspection	50,000	40,000	55,416	(15,416)
Planning and zoning	30,500	25,500	17,248	8,252
Total Housing and Development	80,500	65,500	72,664	(7,164)
Transfers out	101,143	101,143	85,040	16,103
TOTAL CHARGES TO APPROPRIATIONS	3,073,910	3,104,750	2,784,122	349,898
CHANGE IN FUND BALANCE	137,290	112,950	42,893	(70,057)
FUND BALANCE, End of year	\$ 3,658,824	\$ 3,634,484	\$ 3,564,427	\$ (70,057)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See Note 3 of the notes to the financial statements for budget violations.

CITY OF STATHAM, GEORGIA
ARPA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2024
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 7,866	\$ 7,866	\$ 7,866	\$ -
RESOURCES (INFLOWS)				
Investment income	2,000	20,000	31,564	11,564
Total Resources (Inflows)	2,000	20,000	31,564	11,564
AMOUNTS AVAILABLE FOR APPROPRIATION	9,866	27,866	39,430	11,564
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Transfers out	2,000	20,000	-	20,000
TOTAL CHARGES TO APPROPRIATIONS	2,000	20,000	-	20,000
CHANGE IN FUND BALANCE	-	-	31,564	31,564
FUND BALANCE, End of year	\$ 7,866	\$ 7,866	\$ 39,430	\$ 31,564

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

**CITY OF STATHAM, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	
	DEBT SERVICE FUND	T-SPLOST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ -	\$ 53,880	\$ 53,880
Receivables	-	115,767	115,767
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 169,647</u>	<u>\$ 169,647</u>
 FUND BALANCES			
Restricted:			
Capital outlay projects	-	169,647	169,647
TOTAL FUND BALANCES	<u>-</u>	<u>169,647</u>	<u>169,647</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 169,647</u>	<u>\$ 169,647</u>

CITY OF STATHAM, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	
	<u>DEBT SERVICE FUND</u>	<u>T-SPLOST</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES			
Intergovernmental	\$ -	\$ 169,658	\$ 169,658
Investment income	-	2	2
TOTAL REVENUES	<u>-</u>	<u>169,660</u>	<u>169,660</u>
EXPENDITURES			
Current Expenditures			
Public works	-	13	13
Principal	\$ 38,414	-	38,414
Interest	4,625	-	4,625
TOTAL EXPENDITURES	<u>43,039</u>	<u>13</u>	<u>43,052</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>(43,039)</u>	<u>169,647</u>	<u>126,608</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,424,334	-	1,424,334
Transfers out	(1,381,295)	-	(1,381,295)
TOTAL OTHER FINANCING SOURCES (USES)	<u>43,039</u>	<u>-</u>	<u>43,039</u>
NET CHANGE IN FUND BALANCES	-	169,647	169,647
FUND BALANCES, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, End of year	<u>\$ -</u>	<u>\$ 169,647</u>	<u>\$ 169,647</u>

CITY OF STATHAM, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2024

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Transfer in	388,530	1,522,058	1,424,334	(97,724)
Total Resources (Inflows)	388,530	1,522,058	1,424,334	(97,724)
AMOUNTS AVAILABLE FOR APPROPRIATION	388,530	1,522,058	1,424,334	(97,724)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public works	388,530	388,530	43,039	345,491
Transfers out	-	1,133,528	1,381,295	(247,767)
TOTAL CHARGES TO APPROPRIATIONS	388,530	1,522,058	1,424,334	97,724
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

CITY OF STATHAM, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2024

PROJECT	EXPENDITURES			
	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	PRIOR YEARS	CURRENT YEAR
Barrow County - 2018 SPLOST				
Water & Sewer System Improvements, Facilities and Equipment	\$ 854,691	\$ 967,814	\$ 640,464	\$ 1,381,294
Road, Street, Curb, and Sidewalk Projects	854,691	967,814	-	-
Subtotal - 2018 SPLOST	<u>1,709,382</u>	<u>1,935,628</u>	<u>640,464</u>	<u>1,381,294</u>
Barrow County - 2023 SPLOST				
Water & Sewer System Improvements, Facilities and Equipment	3,373,000	3,373,000	-	-
Stormwater Capital Improvements and Equipment	1,500,000	1,500,000	-	-
Road, Street, Curb, and Sidewalk Projects	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
	<u>6,373,000</u>	<u>6,373,000</u>	<u>-</u>	<u>-</u>
Barrow County - 2023 T-SPLOST				
Road, Street, Curb, and Sidewalk Projects	<u>4,381,000</u>	<u>4,381,000</u>	<u>-</u>	<u>13</u>
	<u>4,381,000</u>	<u>4,381,000</u>	<u>-</u>	<u>13</u>
Totals	<u>\$ 12,463,382</u>	<u>\$ 12,689,628</u>	<u>\$ 640,464</u>	<u>\$ 1,381,307</u>

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

Expenditures	\$ 13
Transfers out	1,381,294
Total	<u><u>\$ 1,381,307</u></u>

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

January 17, 2025

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Statham, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Statham's basic financial statements and have issued our report thereon dated January 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as item 2024-001, that we consider to be material weaknesses. We consider the deficiency described below as item 2024-002 to be a significant deficiency.

2024-001 Statement of Condition:

During fieldwork, we noted that generated bank reconciliations do not agree to the general ledger and include timing differences between the ledger activity and the bank reconciliation module in the General Fund and Water & Sewer Fund. We also noted that the City does not have a documented review process for the month-close process.

Criteria:

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

Effect of Condition:

The risk of misstatement of cash increases when cash is not reconciled timely to bank statements.

Cause of Condition:

The bank reconciliation module reporting is based on activity as of the date the reports are generate and timing differences may effect the reports.

Recommendation:

We recommend that the City resolve any differences between the bank reconciliation and the general ledger. Further, we recommend that the City identify a trained individual to review bank reconciliations in addition to the review process of the City's outsourced accountants.

Response:

The City will identify and document transactions posted to the ledger after the reconciliation has been completed to assist the auditors with confirming the accurate cash balances at fiscal year end. Additionally, the City will document the existing established monthly closing procedures.

2024-002 Statement of Condition:

From review of documented processes, appropriate segregation of duties did not exist among key operational functions in the City throughout the entire fiscal year. Payroll master files were modified by the same individual who processed payroll, vendor master files were modified by the same individual(s) responsible for processing check disbursements, and customer master files were modified by the same individual(s) responsible for processing receipts and write offs from customer accounts. In addition, a separate review process was not in place to have an additional level of oversight and monitoring by any key employees or elected officials throughout the entire fiscal year.

Criteria:

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

Effect of Condition:

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

Cause of Condition:

This is caused by the limited number of employees working for the City. In the third quarter of the fiscal year, the City re-evaluated segregation of duties and increased the division of responsibilities and oversight by the end of the fiscal year.

Recommendation:

We recommend the City continue to segregate duties related to the custody, approval, and reporting functions of key operations.

Response:

This condition was resolved during fiscal year 2024. The City implemented controls to address this condition promptly upon recommendation from the auditors.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Statham's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described below as item 2024-003.

2024-003 Statement of Condition:

The General Fund approved budget for the fiscal year ending June 30, 2024 resulted in expenditures in excess of appropriations in the departments specified in Note 3 to the financial statements.

Criteria:

State law requires annual budgets to be balanced by fund and expenditures should be within the approved budget amount the legal level of budgetary control.

Effect of Condition:

The City's annual budget is not in compliance.

Cause of Condition:

Expenditures are approved and paid without consideration of the budget limits by department and necessary budget adjustments are not approved throughout the year as needed.

Recommendation:

We recommend the City implement controls to follow City budget policy to prepare balanced operating annual budgets and ensure each department does not exceed appropriations described in the budget.

Response:

The City concurs with this finding. The City will review budget to actual comparisons and recommend any necessary budget revisions.

City of Statham's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Statham's responses to the findings identified in our audit are described above. The City of Statham's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Bates, Carter & Co., LLP