CITY OF IRWINTON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Irwinton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Irwinton, Georgia, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Irwinton, Georgia, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 26 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Irwinton, Georgia has not presented management's discussion and analysis that governmental 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 financials statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Irwinton, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 28, 2020 on our consideration of the City of Irwinton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City of Irwinton, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

Sandersville, Georgia

January 28, 2020

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF IRWINTON, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 219,544	$ 120,402	$ 339,946
Accounts receivable, net	11,795	41,102	52,897
Receivable from other governments	14,035	-	14,035
Internal balances	1,617	(1,617)	-
Total current assets	246,991	159,887	406,878
Noncurrent assets:			
Nondepreciable	28,043	26,121	54,164
Depreciable capital assets, net of accumulated depreciation	317,952	1,855,357	2,173,309
Total assets	592,986	2,041,365	2,634,351
LIABILITIES:			
Current liabilities:			
Accounts payable	5,126	7,194	12,320
Other accrued liabilities	903	890	1,793
Current portion of notes payable	-	28,842	28,842
Meter deposits held	-	48,583	48,583
Total current liabilities	6,029	85,509	91,538
Noncurrent liabilities:			
Notes payable, net of current portion	-	792,418	792,418
Total liabilities	6,029	877,927	883,956
NET POSITION:			
Net investment in capital assets	345,995	1,060,218	1,406,213
Restricted for:			
Cemetery care	3,255	-	3,255
Capital projects	164,818	-	164,818
Public safety	2,876	-	2,876
Unrestricted	70,013	103,220	173,233
	$ 586,957	$ 1,163,438	$ 1,750,395

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 141,027	$ 4,651	$ -	$ 44,000	$ (92,376)	$ -	$ (92,376)
Public safety	149,074	24,696	29,578	-	(94,800)	-	(94,800)
Street department	107,058	19,700	16,481	-	(70,877)	-	(70,877)
Interest on long-term debt	77	-	-	-	(77)	-	(77)
Total governmental activities	397,236	49,047	46,059	44,000	(258,130)	-	(258,130)
Business-type activities:							
Water and sewer	343,470	334,689	-	-	-	(8,781)	(8,781)
Total business-type activities	343,470	334,689	-	-	-	(8,781)	(8,781)
Total primary government	$ 740,706	$ 383,736	$ 46,059	$ 44,000	(258,130)	(8,781)	(266,911)
		General revenues:					
		Taxes:					
		Property taxes			40,336	-	40,336
		General sales and use tax			29,672	-	29,672
		Franchise tax			47,394	-	47,394
		Insurance company premium tax			42,217	-	42,217
		Other taxes			59,903	-	59,903
		Grants and contributions			2,737	-	2,737
		Interest and dividend earnings			361	925	1,286
		Miscellaneous			675	-	675
		Transfers			(11,707)	11,707	-
		Total general revenues and transfers			211,588	12,632	224,220
		Change in net position			(46,542)	3,851	(42,691)
		Net position, beginning			633,499	1,159,587	1,793,086
		Net position, ending			$ 586,957	$ 1,163,438	$ 1,750,395

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Capital Projects Fund	CDBG Fund	Police Narcotics Fund	Cemetery Permanent Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 37,361	$ 139,655	$ -	$ 2,876	$ 3,250	$ 183,142
Cash in local government investment pool	36,402	-	-	-	-	36,402
Accounts receivable, net	11,790	-	-	-	5	11,795
Receivable from other governments	10,415	3,620	-	-	-	14,035
Receivables from other funds	1,617	21,543	-	-	-	23,160
Total assets	$ 97,585	$ 164,818	$ -	$ 2,876	$ 3,255	$ 268,534
LIABILITIES:						
Accounts payable	$ 5,126	$ -	$ -	$ -	$ -	$ 5,126
Other liabilities	903	-	-	-	-	903
Due to other funds	21,543	-	-	-	-	21,543
Total liabilties	27,572	-	-	-	-	27,572
DEFERRED INFLOWS OF RESOURCES:						
Property taxes	546	-	-	-	-	546
FUND BALANCES:						
Non-spendable fund balance:						
Cemetery care	-	-	-	-	3,255	3,255
Restricted fund balance:						
Capital projects	-	164,818	-	-	-	164,818
Public safety	-	-	-	2,876	-	2,876
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	-	-
Unassigned fund balance	69,467	-	-	-	-	69,467
Total fund balances	69,467	164,818	-	2,876	3,255	240,416
Total liabilities, deferred inflows of resources and fund balance	$ 97,585	$ 164,818	$ -	$ 2,876	$ 3,255	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $450,353	345,995
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accounts receivable, net of allowance for doubtful accounts of $0	546
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	-
	$ 586,957

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Capital Projects Fund	CDBG Fund	Police Narcotics Fund	Cemetery Permanent Fund	Total Governmental Funds
REVENUES:						
Taxes	$223,710	$ -	$ -	$ -	$ -	$ 223,710
Licenses and permits	4,651	-	-	-	-	4,651
Intergovernmental	46,059	43,658	2,737	-	-	92,454
Fees and fines	24,546	-	-	150	-	24,696
Charges for services	19,700	-	-	-	-	19,700
Other	1,016	342	-	-	20	1,378
Total revenues	319,682	44,000	2,737	150	20	366,589
EXPENDITURES:						
Current operating:						
General government	135,001	-	-	-	-	135,001
Public safety	115,647	-	-	150	-	115,797
Street department	96,535	5,950	-	-	-	102,485
Debt service:						
Principal	3,096	-	-	-	-	3,096
Interest and other charges	77	-	-	-	-	77
Capital outlays	-	74,358	2,737	-	-	77,095
Total expenditures	350,356	80,308	2,737	150	-	433,551
Excess (deficiency) of revenues over expenditures	(30,674)	(36,308)	-	-	20	(66,962)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in (out)	15,008	-	-	-	(20)	14,988
Total other financing sources and uses	15,008	-	-	-	(20)	14,988
Net change in fund balance	(15,666)	(36,308)	-	-	-	(51,974)
FUND BALANCE, beginning of year	85,133	201,126	-	2,876	3,255	292,390
FUND BALANCE, end of year	$ 69,467	$164,818	$ -	$ 2,876	$ 3,255	$ 240,416

(Continued)

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	$ (51,974)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	50,400
Depreciation	(43,876)
	6,524
The effect of various capital asset transactions, including sales and donations of assets	-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:	
Issuance of long-term debt	-
Repayment of long-term debt	3,096
	3,096
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	(4,188)
	$ (46,542)

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Water Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 119,767
Cash in local government investment pool	635
Accounts receivable, net of allowance	36,226
Due from former employee	4,876
Total current assets	161,504
NONCURRENT ASSETS:	
Capital Assets:	
Land	4,221
Building	12,195
Equipment	163,375
Distribution system	3,225,117
Construction in progress	21,900
	3,426,808
Less accumulated depreciation	(1,545,330)
Total capital assets	1,881,478
Total assets	2,042,982
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	7,194
Other accrued liabilities	890
Due to General Fund	1,617
Current portion of notes payable	28,842
Meter deposits held	48,583
Total current liabilities	87,126
NONCURRENT LIABILITIES:	
Notes payable, net of current portion	792,418
Total noncurrent liabilities	792,418
Total liabilities	879,544
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	1,060,218
UNRESTRICTED	103,220
Total net position	$ 1,163,438

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRORIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water Fund
OPERATING REVENUES:	
Charges for services	$ 334,689
Other revenue	-
Total operating revenue	334,689
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	12,352
Payroll taxes	1,074
Purchased/contracted services:	
Repairs and replacement	72,360
Professional fees	9,894
Testing	-
Insurance	9,906
Supplies:	
Chemicals and supplies	61,788
Office supplies	23,192
Utilities and communication	39,162
Depreciation	81,784
Miscellaneous	9,513
Total operating expenses	321,025
OPERATING INCOME	13,664
NON-OPERATING REVENUES (EXPENSES):	
Interest income	925
Interest expense	(21,133)
Sale of fixed assets	-
Fiscal agent fees	(1,312)
Total non-operating revenues (expenses)	(21,520)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(7,856)
CAPITAL CONTRIBUTIONS:	
Contribution from CDBG Fund	2,737
Contribution from Capital Projects Fund	23,958
NET INCOME (LOSS) BEFORE TRANSFERS	18,839
TRANSFERS FROM (TO) GENERAL FUND	(14,988)
NET INCOME (LOSS)	3,851
NET POSITION, beginning of year	1,159,587
NET POSITION, end of year	$ 1,163,438

See accompanying notes to the basic financial statements

CITY OF IRWINTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 328,679
Cash paid to suppliers for goods and services	(224,209)
Cash paid to employees	(12,536)
Net cash provided by (used for) operating activities	91,934
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	(14,988)
Net cash provided by (used for) noncapital financing activities	(14,988)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Fiscal agent fees	(1,312)
Principal paid on capital debt	(58,151)
Interest paid on capital debt	(21,133)
Net cash provided by (used for) capital and related financing activities	(80,596)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	925
Net cash provided by (used for) investing activities	925
NET INCREASE (DECREASE) IN CASH	(2,725)
CASH AND CASH EQUIVALENTS, beginning of year	123,127
CASH AND CASH EQUIVALENTS, end of year	$ 120,402
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ 13,664
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	81,784
Changes in assets and liabilities:	
Accounts receivable	(6,010)
Due from former employee	-
Accounts payable	1,206
Payroll tax liabilities	890
Due to General Fund	-
Meter deposits held	1,600
Accrued interest payable	(1,200)
Net cash provided by (used for) operating activities	$ 91,934
RECONCILIATION OF TOTAL CASH:	
Current assets - cash	$ 119,767
Cash in local government investment pool	635
	$ 120,402
NONCASH CAPITAL FINANCING ACTIVITIES:	
Capital assets of $23,958 and $2,737 were contributed from the Capital Projects Fund and the CDBG Fund, respectively	

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Irwinton (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Currently, the City has no blended component units or discretely presented component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. 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.

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. The City has elected not to allocate indirect costs among the programs, functions and segments. 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 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 Basis of Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 required to be accounted for in another fund.
>
> The Cemetery Permanent Fund accounts for monies donated to the City, the earnings from which the City may use for certain cemetery maintenance, while the principal must remain intact.
>
> The Capital Projects Fund accounts for capital expenditures paid with the special purpose local option sales tax.
>
> The Community Development Block Grant (CDBG) Fund accounts for a $545,000 grant to provide upgrades to the City's drainage infrastructure.
>
> The Police Narcotics Fund accounts for expenditures of funds received from drug related court cases.

The City reports the following major proprietary fund:

> The Water Fund is used to account for the provision of water services to businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The City complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

Materials purchased in the proprietary fund are expensed as purchased and are not inventoried at year end due to lack of materiality.

F. Restricted Assets

Restricted assets consist of cash on deposit with the paying agent required to be maintained pursuant to the ordinance on the revenue bonds outstanding.

G. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems 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 estimated useful life in excess of two years and an original cost of $1,500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. No infrastructure assets were completed during the year ended September 30, 2019. At September 30, 2019, there was no construction-in-progress related to infrastructure assets.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30 – 40 years
Depreciable land improvements	8 – 20 years
Machinery and equipment	5 – 25 years
Infrastructure	40 – 50 years

I. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as an expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense

and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The City does not allow accumulated vacation pay beyond one year; therefore there is no significant unrecorded balances at September 30, 2019.

J. Long-Term Obligations

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

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

K. Equity Classifications

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

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

Fund Balance

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

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned 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 balances may be reported in all funds.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The City does not have a formal minimum fund balance policy; however, the City Council address various target reserve positions which are reviewed periodically.

Net Position

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to year end the City Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of City of Irwinton.

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended September 30, 2019:

Public safety	$807
Debt service – principal	396

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2019, none of the City's $302,909 was exposed to custodial credit risk.

The City had on deposit at September 30, 2019, $37,037 in the Georgia Fund 1, which is a combination local and state government investment pool. Georgia Fund 1 is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a Rule 2a-7 like pool. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participant's shares sold and redeemed based on $1.00 per share. Pooled cash and cash equivalents and investments are reported at cost which approximates fair value. The pool does not issue any legally binding guarantees to support the value of the shares. Participation in the pool is voluntary and deposits consist of funds from local governments; operating and trust funds of Georgia's state agencies, colleges and universities; and current operating funds of the State of Georgia's General Fund. The Office of State Treasurer is the oversight agency for Georgia Fund I.

Investments in Georgia Fund 1 are directed toward short-term instruments such as U.S. treasury obligations, securities issued or guaranteed as to principal and interest by the U.S.

Government or any of its agencies or instrumentalities, banker's acceptances and repurchase agreements. The weighted average maturity of Georgia Fund 1 may not exceed 60 days.

Investing is performed in accordance with investment policies complying with State Statutes. According to State Statutes, funds may be invested in (1) obligations of this state or of other states, (2) obligations issued by the Unites States Government, (3) obligations fully insured or guaranteed by the United States Government or by a government agency

of the United States, (4) obligations of any corporation of the United States Government, (5) prime bankers acceptances, (6) the Local government investment Pool established by the Georgia Code, (7) repurchase agreements, and (8) obligations of other political subdivisions of this state.

4. PROPERTY TAXES

The value of all real and business personal property located in the City is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions. Appraised values are established by the Wilkinson County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the mileage rate was set on or about October 14. Taxes are billed shortly after October 15 and are due December 10, after which date penalties and interest may be assessed. The Wilkinson County Tax Commissioner bills and collects the City's property taxes. Property on which taxes are not paid within 60 days of mailing may then be levied on by the City. Current tax collections for the years ended September 30, 2019, were 92.9% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At September 30, 2019, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 3,633	$ -	$ 3,633
Local option sales tax	5,112	-	5,112
Garbage fees receivable	1,623	-	1,623
Excise tax receivable	5,303	-	5,303
Miscellaneous	6,534	-	6,534
Capital Projects Fund:			
Special local option sales tax	3,620	-	3,620
Cemetery Permanent Fund:			
Interest receivable	5	-	5
Water Fund:			
Water fees	-	56,971	56,971
Due from former employees	-	4,876	4,876
	25,830	61,847	87,677
Allowance for doubtful accounts	-	(20,745)	(20,745)
	$ 25,830	$ 41,102	$ 66,932

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 19,920	$ -	$ -	$ 19,920
Construction-in-progress	8,123	2,737	(2,737)	8,123
Subtotal	28,043	2,737	(2,737)	28,043
Other capital assets:				
Buildings	159,159	34,035	-	193,194
Equipment	558,746	40,323	(23,958)	575,111
Subtotal	745,948	77,095	(26,695)	796,348
Accumulated depreciation:				
Buildings	59,662	4,856	-	64,518
Equipment	346,815	39,020	-	385,835
Subtotal	406,477	43,876	-	450,353
Net capital assets	$ 339,471	$ 33,219	$ (26,695)	$ 345,995

Governmental activities depreciation expense:

General government	$ 6,026
Public safety	33,277
Street department	4,573
	$ 43,876

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 4,221	$ -	$ -	$ 4,221
Construction-in-progress	-	21,900	-	21,900
Subtotal	4,221	21,900	-	26,121
Other capital assets:				
Building	7,400	4,795	-	12,195
Equipment	163,375	-	-	163,375
Infrastructure	3,225,117	-	-	3,225,117
Subtotal	3,400,113	26,695	-	3,426,808
Accumulated depreciation:				
Building	4,034	139	-	4,173
Equipment	139,115	3,860	-	142,975
Infrastructure	1,320,397	77,785	-	1,398,182
Subtotal	1,463,546	81,784	-	1,545,330
Net capital assets	$ 1,936,567	$ (55,089)	$ -	$ 1,881,478

7. LONG-TERM DEBT

Outstanding Debt:

At September 30, 2019, long-term debt consisted of the following:

	Governmental Activities	Enterprise Fund Debt
$429,000 water and sewerage note payable to USDA; interest at 2.25%; payable in monthly principal and interest installments of $1,360 to July 2051; used for water and sewer system improvements	$ -	$ 369,319
$500,000 water note payable to GEFA for water system improvements; payable in monthly principal and interest payments of $2,647 to April 2037; interest at 2.49%	-	451,941
Total long-term debt	$ -	$ 821,260

Following is a summary of changes in long-term debt for governmental and business-type activities for the year ended September 30, 2019:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Amount Due in One Year
Governmental activities:					
Notes payable	$ 3,096	$ -	$ 3,096	$ -	$ -
Business-type activities:					
Notes payable	$849,411	$ -	$ 28,151	$821,260	$ 28,842
Water revenue bonds	30,000	-	30,000	-	-
	$879,411	$ -	$ 58,151	$821,260	$ 28,842

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to September 30, 2019 are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	$ -	$ -	$ 28,842	$ 19,243
2021	-	-	29,548	18,537
2022	-	-	30,271	17,814
2023	-	-	31,014	17,071
2024	-	-	31,774	16,311
2025 - 2029	-	-	170,936	69,489
2030 - 2034	-	-	192,933	47,492
2035 - 2039	-	-	138,733	24,926
2040 - 2044	-	-	66,395	15,205
2045 - 2049	-	-	74,293	7,306
2050 - 2051	-	-	26,521	518
	$ -	$ -	$ 821,260	$ 253,912

8. FUND DEFICITS

No fund had a deficit fund balance or deficit retained earnings at September 30, 2019.

9. INTERFUND TRANSACTIONS AND BALANCES

Transfers:

Transfers To	Transfers From: Water Fund	Cemetery Permanent Fund
General Fund	$ 14,988	$ 20
Water Fund	-	-

Transfers are used to utilize unrestricted revenues collected in the General Fund to help finance operations accounted for in the Water Fund in accordance with budgetary authorizations. Transfers from the Cemetery Permanent Fund are used to offset a portion of the costs paid by the General Fund to maintain the cemetery.

Balances Due to/from other funds:

The Water Fund owed the General Fund $1,617 for garbage fees collected in the Water Fund but not yet remitted to the General Fund. These funds will be repaid in fiscal year 2019. The General Fund owes the Capital Projects Fund $21,543 for SPLOST receipts inadvertently deposited into the General Fund. This constitutes a violation of state law. These funds will be repaid in fiscal year 2020

10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

According to the City's attorney, there are no contingent liabilities or other litigation in progress for which the City may be liable as of September 30, 2019.

11. RETIREMENT PLAN

The City does not have a retirement or pension plan.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

The City has obtained commercial insurance for risk of loss associated with torts, assets and natural disaster. The City has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceed the City's insurance coverage in any of the past three years.

The City has elected to self-insure for all losses related to errors or omissions, which includes, among other risks, risks for sexual harassment and discrimination. The City has not experienced any losses related to errors or omissions in the past three years.

The City is self-insured with regard to unemployment compensation claims. The City accounts for claims with expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The City has not experienced any claims related to unemployment compensation in the past three years.

For its workers' compensation coverage, the City is a participant in the Georgia Municipal Association Self-Insurance Fund (the Fund), a public entity risk pool operated for the benefit of municipal government units located in Georgia. The City's General Fund pays an annual premium to the Fund for this coverage. The Fund provides excess insurance coverage for protection of members against excess losses and initial excess coverage is statutory specific and unlimited aggregate amounts. Government members of the Fund are jointly and severally liable for claims not covered by the Fund. No workers' compensation claims have been filed by the City in the past three years.

13. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the fourteen City east central Georgia area, is a member of the Middle Georgia Regional Commission and is required to pay annual dues thereto. During its year ended September 30, 2019, the City paid $587 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the regional commission in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175-C Emory Highway
Macon, Georgia 31201

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 28, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund, Police Narcotics Special Revenue Fund and Community Development Block Grant Fund

CITY OF IRWINTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 44,180	$ 44,180	$ 44,524	$ 344
Vehicle	10,300	10,300	13,507	3,207
Franchise tax	41,900	41,900	47,394	5,494
Excise tax	-	-	34,795	34,795
Alcoholic beverage excise	10,000	10,000	9,859	(141)
Local option sales tax	34,500	34,500	29,672	(4,828)
Insurance company premium	39,000	39,000	42,217	3,217
Intangible	500	500	518	18
Other	500	500	1,224	724
	180,880	180,880	223,710	42,830
Licenses and Permits:				
Business and alcoholic beverage licenses	4,400	4,400	4,651	251
	4,400	4,400	4,651	251
Intergovernmental:				
County fire grant	29,577	29,577	29,578	1
State grants	12,300	12,300	16,481	4,181
	41,877	41,877	46,059	4,182
Charges for services:				
Garbage fees	23,400	23,400	19,700	(3,700)
Court fines	65,000	65,000	24,546	(40,454)
	88,400	88,400	44,246	(44,154)
Miscellaneous:				
Interest income	300	300	341	41
Other	11,023	11,023	675	(10,348)
	11,323	11,323	1,016	(10,307)
Total revenues	326,880	326,880	319,682	(7,198)

CITY OF IRWINTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 126,225	$ 137,325	$ 135,001	$ 2,324
Public safety	125,940	114,840	115,647	(807)
Street department	102,100	103,300	96,535	6,765
Total operating expenditures	354,265	355,465	347,183	8,282
Capital Outlays:				
General government	3,700	3,700	-	3,700
Public safety	-	-	-	-
Street department	-	-	-	-
Total capital expenditures	3,700	3,700	-	3,700
Debt Service:				
Principal	3,500	2,700	3,096	(396)
Interest	500	100	77	23
Total debt service	4,000	2,800	3,173	(373)
Total expenditures	361,965	361,965	350,356	11,609
Excess (deficiency) of revenues over expenditures	(35,085)	(35,085)	(30,674)	4,411
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	-	-	15,008	15,008
	-	-	15,008	15,008
Excess (deficiency) of revenues over expenditures and other financing sources	(35,085)	(35,085)	(15,666)	19,419
FUND BALANCE, beginning of year	85,133	85,133	85,133	-
FUND BALANCE, end of year	$ 50,048	$ 50,048	$ 69,467	$ 19,419

CITY OF IRWINTON, GEORGIA
POLICE NARCOTICS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeits	$ 2,500	$ 2,500	$ 150	$ (2,350)
Other	100	100	-	(100)
	2,600	2,600	150	(2,450)
EXPENDITURES:				
Current operating:				
Public safety	2,000	2,000	150	1,850
Capital outlays	600	600	-	600
Total expenditures	2,600	2,600	150	2,450
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	2,876	2,876	2,876	-
FUND BALANCE, end of year	$ 2,876	$ 2,876	$ 2,876	$ -

CITY OF IRWINTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 2,737	$ 2,737	$ 2,737	$ -
Other	-	-	-	-
	2,737	2,737	2,737	-
EXPENDITURES:				
Current operating:				
Miscellaneous	-	-	-	-
Water system improvements	2,737	2,737	2,737	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,737	2,737	2,737	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- General Fund Schedule of Expenditures (Final Budget to Actual) Detailed by Department
- Budgetary Comparison Schedule – Cemetery Permanent Fund
- Community Development Block Grant Statement of Source and Application of Funds
- Community Development Block Grant Schedule of Project Cost – Budget to Actual
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

CITY OF IRWINTON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits				
Salaries	$ 53,440	$ 53,440	$ 45,541	$ 7,899
Payroll taxes	13,000	13,000	3,960	9,040
Purchased/contracted services:				
Professional fees	8,100	8,100	10,684	(2,584)
Insurance	22,550	22,550	31,422	(8,872)
Utilities and communication	6,700	6,700	7,131	(431)
Repairs and maintenance	2,500	2,500	1,451	1,049
Dues	1,000	1,000	1,880	(880)
Advertising	1,500	3,500	2,348	1,152
Supplies:				
Office supplies	1,000	1,100	3,520	(2,420)
Other costs:				
Travel and training	6,135	15,135	13,258	1,877
Election	-	-	-	-
Library contribution	7,300	7,300	7,300	-
Miscellaneous	3,000	3,000	6,506	(3,506)
Total General Government	$ 126,225	$ 137,325	$ 135,001	$ 2,324
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 61,300	$ 44,300	$ 44,502	$ (202)
Payroll taxes	-	-	3,870	(3,870)
Purchased/contracted services:				
Uniforms	700	700	-	700
Boarding prisoners	1,000	1,000	275	725
Training	1,800	1,800	1,860	(60)
Dues	365	365	105	260
Vehicle costs	7,700	7,700	4,925	2,775
Repairs and maintenance	400	400	180	220
Supplies	1,500	2,500	2,204	296
Other costs:				
Peace officers' retirement and other fees	7,775	7,775	6,908	867
Miscellaneous	4,200	4,200	5,115	(915)
Total police	86,740	70,740	69,944	796

CITY OF IRWINTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fire:				
Personal services and employee benefits:				
Salaries	$ 33,200	$ 33,200	$ 33,384	$ (184)
Payroll taxes	-	-	2,903	(2,903)
Supplies	3,500	3,500	2,957	543
Repairs and maintenance	1,500	6,400	5,459	941
Miscellaneous	1,000	1,000	1,000	-
	39,200	44,100	45,703	(1,603)
Total Public Safety	$ 125,940	$ 114,840	$ 115,647	$ (807)
Streets and Sanitation:				
Personal services and employee benefits:				
Salaries	$ 35,100	$ 35,100	$ 32,438	$ 2,662
Payroll taxes	-	-	2,822	(2,822)
Purchased/contracted services:				
Utilities	22,500	22,500	21,670	830
Repairs and maintenance	3,000	3,000	1,470	1,530
Garbage contract	23,400	23,400	17,086	6,314
Paving and street repairs	12,800	12,800	9,000	3,800
Materials and supplies	4,800	6,000	11,006	(5,006)
Other costs	500	500	1,043	(543)
Total Streets and Sanitation	$ 102,100	$ 103,300	$ 96,535	$ 6,765

CITY OF IRWINTON, GEORGIA
CEMETERY PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest income	$ 100	$ 100	$ 20	$ (80)
Other	-	-	-	-
	100	100	20	(80)
EXPENDITURES:				
Other	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	100	100	20	(80)
OTHER FINANCING SOURCES (USES)				
Transfers to General Fund	(100)	(100)	(20)	80
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	3,255	3,255	3,255	-
FUND BALANCE, end of year	$ 3,255	$ 3,255	$ 3,255	$ -

CITY OF IRWINTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
CDBG No. 18p-x-158-2-6006
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SOURCE OF FUNDS:		
CDBG Funds drawn down by recipient during the year ended September 30, 2019		$ 2,737
APPLICATION OF FUNDS:		
Acquisition and construction costs for water improvements	$ 434,635	
Contingencies	42,965	
Engineering	34,700	
Administration	32,700	545,000
SOURCE OF FUNDS IN EXCESS OF (LESS THAN) APPLICATION		$ (542,263)

CITY OF IRWINTON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
CDBG No. 18p-x-158-2-6006
SCHEDULE OF PROJECT COST - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Total Budgeted Costs (Revised) For CDBG	Costs Prior to Year Ended 9/30/19	Actual Current Year Costs	Total Project Costs To Date	(Over) Under Budget
Construction cost for drainage improvements	$ 434,635	$ -	$ -	$ -	$ 434,635
Contingencies	42,965	-	-	-	42,965
Engineering	34,700	-	2,737	2,737	31,963
Administration	32,700	-	-	-	32,700
Total	$ 545,000	$ -	$ 2,737	$ 2,737	$ 542,263

CITY OF IRWINTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2019

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2013 referendum:						
Street improvements related to water system repairs	$ 5,248	$100,000	$ 78,365	$ -	$ 78,365	78.37%
Street repairs	28,751	180,000	171,700	5,950	177,650	98.69%
Street department equipment	-	90,000	59,677	8,399	68,076	75.64%
Police department equipment	-	120,000	96,090	759	96,849	80.71%
Water well	-	93,315	93,315	-	93,315	100.00%
Water Fund equipment	-	300,000	220,475	23,958	244,433	81.48%
General government equipment	-	125,000	58,250	38,515	96,765	77.41%
Fire department equipment	-	55,000	41,083	2,727	43,810	79.65%

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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*

To the Mayor and Council
City of Irwinton, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities and each major fund of the City of Irwinton, Georgia as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Irwinton's basic financial statements and have issued our report thereon dated January 28, 2020.

Internal Control Over Financial Reporting

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

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

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

We did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as items 19-1 through 19-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Irwinton Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 19-3 through 19-4.

City of Irwinton, Georgia's Response to Findings

City of Irwinton, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Irwinton, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wright, Wright, P.C.

Sandersville, Georgia
January 28, 2020

CITY OF IRWINTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

SIGNIFICANT DEFICIENCIES

19-1 Segregation of Duties

Condition

Due to the small size of the City's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

Effect

Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

Recommendation

The City Council should implement other internal controls in areas where segregation of duties is not practical.

Views of Responsible Officials

We concur and will continue to require dual signatures on checks and council approval for non recurring expenditures.

19-2 Controls Over Financial Statement Presentation

Condition

City personnel do not currently possess the professional skills necessary to prepare the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the City's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The City should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

COMPLIANCE AND OTHER MATTERS

19-3 Budgetary

Condition

In the City's General Fund, actual expenditures exceeded budget appropriations in two departments. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The City should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our City Council will analyze budgetary financial data periodically and amend the budget when appropriate.

19-4 SPLOST Funds Improperly Deposited Into the General Fund

Condition

SPLOST funds were incorrectly deposited into the General Fund. This is a violation of state law.

Effect

SPLOST funds are required to be in a separate bank account, and commingled funds can be improperly spent.

Recommendation

The City should transfer the money back to the SPLOST Fund and be more careful about keeping funds separate.

Views of Responsible Officials

We concur. We will transfer the money back to the SPLOST funds and monitor the deposits more closely in the future.

CITY OF IRWINTON

P.O. Box 359
Irwinton, GA 31042

Georgia Department of Audits & Accounts
270 Washington Street, S.W.
Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended September 30, 2019.

With respect to the findings in the "Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards," we submit the following comments:

1. We are a small municipal government with two office employees. We have separated accounting duties as much as possible, but with two sets of books, one for the general fund and one for the water fund, this is difficult to do. The mayor and a council member co-sign checks after council approves the bills for payment. We do not feel that it would be cost effective to hire additional personnel only for the purpose of internal control duty separations.

2. City personnel do not currently possess the professional skills necessary to prepare the year end financial statements and related footnotes. The City will consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

3. The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended September 30, 2019:

Public safety	$ 807
Debt service – principal	396

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

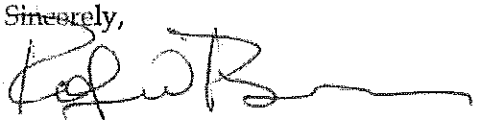
4. SPLOST funds were improperly deposited into the General Fund. The City will transfer the money back to the SPLOST Fund and be more careful in the future about keeping SPLOST funds separate.

5. We annually review our system of internal control after our audited financial statements are received, along with any suggestions from the accounting firm as to improvements that can be made to strengthen controls.

We feel that our internal control system is as strong as possible in the above described situation with the limited number of personnel involved. As indicated in the auditor's report, no significant errors or irregularities were found because of our lack of segregation of duties.

Should you need any further explanation of this matter please contact us.

Sincerely,



Roger Bacon
Mayor, City of Irwinton