TOWN OF SHARPSBURG, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

TOWN OF SHARPSBURG, GEORGIA

FINANCIAL REPORT
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FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of Town Council
Town of Sharpsburg
Sharpsburg, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the **Town of Sharpsburg, Georgia** (the "Town"), as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sharpsburg, Georgia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Town of Sharpsburg, Georgia, as of December 31, 2010, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2013, on our consideration of the Town of Sharpsburg, 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sharpsburg, Georgia's basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Town of Sharpsburg, Georgia has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Mauldin & Jenkins, LLC

Macon, Georgia
November 17, 2013

TOWN OF SHARPSBURG, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 302,178
Taxes receivable	39,395
Accounts receivable	454
Due from other governments	13,863
Capital assets:	
Nondepreciable	233,733
Depreciable, net of accumulated depreciation	528,777
Total assets	1,118,400
LIABILITIES	
Accounts payable	9,484
Accrued liabilities	659
Total liabilities	10,143
NET ASSETS	
Invested in capital assets, net of related debt	762,510
Restricted for:	
Capital projects	213,968
Unrestricted	131,779
Total net assets	$ 1,108,257

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

TOWN OF SHARPSBURG, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

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 Assets: Governmental Activities
Primary Government:					
General government	$ 163,620	$ 18,014	$ -	$ -	$ (145,606)
Public works	29,043	-	2,377	125,039	98,373
Culture and recreation	2,568	-	-	-	(2,568)
Interest on long-term debt	1,636	-	-	-	(1,636)
Total primary government	$ 196,867	$ 18,014	$ 2,377	$ 125,039	(51,437)
General revenues:					
Property taxes					23,789
Sales taxes					85,689
Alcoholic beverage taxes					10,048
Franchise taxes					32,669
Insurance premium taxes					17,011
Other taxes					2,818
Unrestricted investment earnings					1,186
Total general revenues					173,329
Change in net assets					121,892
Net assets, beginning of year					986,365
Net assets, end of year					$ 1,108,257

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

TOWN OF SHARPSBURG, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	SPLOST Fund	Nonmajor Transportation Enhancement Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 98,244	$ 203,934	$ -	$ 302,178
Taxes receivable	19,982	19,413	-	39,395
Accounts receivable	454	-	-	454
Due from other governments	13,863	-	-	13,863
Due from other funds	3,223	-	-	3,223
Total assets	$ 135,766	$ 223,347	$ -	$ 359,113
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 9,484	$ -	$ -	$ 9,484
Accrued liabilities	659	-	-	659
Deferred revenues	11,044	6,156	-	17,200
Due to other funds	-	3,223	-	3,223
Total liabilities	21,187	9,379	-	30,566
FUND BALANCES				
Fund balances, unreserved				
Designated:				
Undesignated	114,579	213,968	-	328,547
Total fund balances	114,579	213,968	-	328,547
Total liabilities and fund balances	$ 135,766	$ 223,347	$ -	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	762,510
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	17,200
Net assets of governmental activities	$ 1,108,257

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

TOWN OF SHARPSBURG, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

	General	SPLOST	Nonmajor Transportation Enhancement Fund	Total Governmental Funds
Revenues				
Property taxes	$ 21,315	$ -	$ -	$ 21,315
Sales taxes	85,090	-	-	85,090
Alcoholic beverage taxes	10,048	-	-	10,048
Franchise fees	24,646	-	-	24,646
Insurance premium taxes	17,011	-	-	17,011
Other taxes	2,818	-	-	2,818
Licenses and permits	9,477	-	-	9,477
Intergovernmental	-	76,670	48,369	125,039
Charges for services	8,537	-	-	8,537
Interest income	1,186	2,377	-	3,563
Other revenues	119	-	-	119
Total revenues	180,247	79,047	48,369	307,663
Expenditures				
Current:				
General government	158,059	-	-	158,059
Capital outlay	-	103,647	-	103,647
Debt service:				
Principal	-	81,872	-	81,872
Interest	-	1,897	-	1,897
Total expenditures	158,059	187,416	-	345,475
Excess (deficiency) of revenues over (under) expenditures	22,188	(108,369)	48,369	(37,812)
Other financing sources (uses):				
Transfer in	-	129,679	-	129,679
Transfer out	(76,769)	-	(52,910)	(129,679)
Total other financing sources (uses)	(76,769)	129,679	(52,910)	-
Net change in fund balances	(54,581)	21,310	(4,541)	(37,812)
Fund balances, beginning of year	169,160	192,658	4,541	366,359
Fund balances, end of year	$ 114,579	$ 213,968	$ -	$ 328,547

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

TOWN OF SHARPSBURG, 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 DECEMBER 31, 2010

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

Net change in fund balances - total governmental funds.	$	(37,812)
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 in the current period.		66,475
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		11,096
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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		81,872
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.		261
	$	121,892

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

TOWN OF SHARPSBURG, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Taxes:				
Property taxes	$ 23,240	$ 23,240	$ 21,315	$ (1,925)
Sales taxes	82,000	82,000	85,090	3,090
Alcoholic beverage taxes	7,500	7,500	10,048	2,548
Franchise taxes	10,000	10,000	24,646	14,646
Insurance premium tax	17,500	17,500	17,011	(489)
Other taxes	4,400	4,400	2,818	(1,582)
Total taxes	144,640	144,640	160,928	16,288
Licenses and permits:				
Business licenses	3,400	3,400	9,477	6,077
Total licenses and permits	3,400	3,400	9,477	6,077
Charges for services:				
Community Center rental	4,000	4,000	6,285	2,285
Recreation fees	2,800	2,800	2,252	(548)
Total charges for services	6,800	6,800	8,537	1,737
Interest income	2,950	2,950	1,186	(1,764)
Miscellaneous				
Miscellaneous revenues	-	-	69	69
Contributions and donations	-	-	50	50
Total miscellaneous	-	-	119	119
Total revenues	157,790	157,790	180,247	22,457
Expenditures:				
Current:				
General government				
Personal services / employee benefits	48,700	48,700	45,446	3,254
Purchased / contracted services	86,350	86,350	103,775	(17,425)
Supplies	7,800	7,800	7,168	632
Capital outlay	14,940	14,940	1,670	13,270
Total general government	157,790	157,790	158,059	(269)
Total expenditures	157,790	157,790	158,059	(269)
Excess of revenues over expenditures	-	-	22,188	22,188

TOWN OF SHARPSBURG, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Other financing uses:				
Transfers out	$ -	$ -	$ (76,769)	$ (76,769)
Total other financing uses	-	-	(76,769)	(76,769)
Net change in fund balances	-	-	(54,581)	(54,581)
Fund balances, beginning of year	169,160	169,160	169,160	-
Fund balances, end of year	$ 169,160	$ 169,160	$ 114,579	$ (54,581)

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

TOWN OF SHARPSBURG, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Sharpsburg, Georgia (the "Town") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental 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 Town's accounting policies are described below.

A. Reporting Entity

The Town of Sharpsburg was incorporated in 1871. The Town operates under the Mayor and Council form of government and provides the following services to its citizens as authorized by its charter: recreation, public works, planning and zoning, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include the accounts of all Town operations and all activities of the Town.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14 "The Financial Reporting Entity" as amended by GASB Statement 39 "Determining Whether Certain Organizations are Component Units", the Town was determined to have no component units as of December 31, 2010.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. (For the most part, the effect of interfund activity has been removed from these statements). Governmental activities are normally supported by taxes and intergovernmental revenues.

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 considered program revenues are reported instead as general revenues.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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, intergovernmental revenues, franchise taxes, licenses, and investment income 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 Town.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The Town reports the following major governmental funds:

The **General Fund** is the Town’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 **Special Purpose Local Option Sales Tax Fund** accounts for the proceeds of a one percent tax. Funds are used for sidewalks and road improvement projects.

The Town reports the following non-major governmental fund:

The **Transportation Enhancement Fund** accounts for revenue sources that are legally restricted to expenditure for specific purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges for services 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.

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

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and the Transportation Enhancement Fund. Revenues and expenditures of the Capital Projects Funds are budgeted on a project basis and are, therefore, excluded from presentation in the financial statements. All appropriations lapse at the end of the December 31 fiscal year.

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 by the Town of Sharpsburg because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

E. 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 Town.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. 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. In accordance with GASB 34, the Town has elected not to include infrastructure acquired or constructed prior to January 1, 2003.

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

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 60
Improvements other than buildings	25
Infrastructure	50
Machinery and equipment	5 - 15

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the Town does not have a policy to pay any amounts when employees separate from service with the Town. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Management Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	$	90,784
Depreciation expense		(24,309)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	66,475

NOTE 3. LEGAL COMPLIANCE – BUDGETS

The Town of Sharpsburg, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are prepared by the Town Clerk prior to November 15 for the fiscal year to commence January 1.

2. Public hearings are conducted at the Town Hall to obtain taxpayer comments. The budget is formally enacted through passage of a resolution by the Town Council.

3. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Expenditures should not exceed the legally adopted budget at the department level without Council action amending the budget. The Town Clerk has the authority to transfer line item budget amounts within their department up to $500 without Council approval. All appropriations lapse at the end of each fiscal year.

4. Budgets are based on the same method of accounting as the funds they represent.

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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

5. For the year ended December 31, 2010, expenditures exceeded budget in the General Fund, as follows:

General government - purchased / contracted services	$	17,425
Transfers out		76,769

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2010, are as follows:

Amounts as presented on the entity wide statement of net assets:		
Governmental activities:		
Cash and cash equivalents	$	302,178
Total	$	302,178
Cash deposited with financial institutions	$	302,178

Credit risk. State statutes authorize the Town to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At December 31, 2010, the Town had no investments.

Interest rate risk. The Town 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.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2010, all of the Town's bank balances were covered by either federal depository insurance or by collateral held by the Town's agent in the Town's name.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 5. RECEIVABLES

Property taxes were levied on October 1, 2010, against a taxable digest established as of January 1, 2010. Property taxes were due on December 1, 2010, and were considered delinquent the following day (December 2, 2010) – which would also be the lien date. Receivables are recorded when taxes are levied and billed.

The net receivables collected during the year ended December 31, 2010, and expected to be collected by February 28, 2011, are recognized as revenues in the year ended December 31, 2010. Net receivables estimated to be collectible subsequent to February 28, 2011 are recorded as revenue when received.

Receivables consisted of the following at December 31, 2010:

	General	SPLOST	Total
Taxes	$ 19,982	$ 19,413	$ 39,395
Accounts receivable	454	-	454
Due from other governments	13,863	-	13,863
Total receivables	$ 34,299	$ 19,413	$ 53,712

NOTE 6. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2010, are as follows:

	Due From SPLOST Fund	Total
Due To		
General Fund	$ 3,223	$ 3,223
Total	$ 3,223	$ 3,223

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one to two months.

NOTE 6. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Transfer from	Transfer to SPLOST Fund
General Fund	$ 76,769
Transportation Enhancement Fund	52,910
Total	$ 129,679

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 147,077	$ 15,539	$ -	$ 162,616
Construction in progress	-	71,117	-	71,117
Total	147,077	86,656	-	233,733
Capital assets, being depreciated:				
Buildings	107,579	2,200	-	109,779
Improvements other than buildings	34,736	1,928	-	36,664
Infrastructure	459,198	-	-	459,198
Machinery and equipment	25,890	-	-	25,890
Total	627,403	4,128	-	631,531
Less accumulated depreciation for:				
Buildings	(40,963)	(4,239)	-	(45,202)
Improvements other than buildings	(13,633)	(1,470)	-	(15,103)
Infrastructure	(7,376)	(16,360)	-	(23,736)
Machinery and equipment	(16,473)	(2,240)	-	(18,713)
Total	(78,445)	(24,309)	-	(102,754)
Total capital assets, being depreciated, net	548,958	(20,181)	-	528,777
Total capital assets, being depreciated, net	$ 696,035	$ 66,475	$ -	$ 762,510

NOTE 7. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 5,381
Public works	16,360
Culture and recreation	2,568
Total depreciation expense - governmental activities	$ 24,309

NOTE 8. SHORT-TERM DEBT

Notes Payable:

The Town incurred debt in 2006 to a local financial institution for the purchase of 4.028 acres of land along Highway 54 in Coweta County for the purpose of future development. This note was refinanced during 2009 and was paid in full during the year ended December 31, 2010.

Note Payable activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	$ 81,872	$ -	$ (81,872)	$ -	$ -
	$ 81,872	$ -	$ (81,872)	$ -	$ -

NOTE 9. DEFERRED COMPENSATION PLAN

The Town participates in the Georgia Municipal Association 457(b) Deferred Compensation Plan (the Plan) which is administered by the Georgia Municipal Association through their service manager, CitiStreet. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the Town. Employees contribute to the Plan on a discretionary basis. The Town does not make any contributions on behalf of participants in the Town's deferred compensation plan. For the year ended December 31, 2010, employee contributions totaled $3,000.

Pursuant to the Statement Number 32 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the Town does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the Town's 457 plan are not reported in the Town's financial statements.

NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the Town 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 pay any claim of loss. The Town is also to allow the pools' agents and attorneys to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town 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 member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three (3) years have not exceeded insurance coverage.

NOTE 11. JOINT VENTURE

Under Georgia law, the Town, in conjunction with other cities and counties in the ten (10) county area of Butts, Carroll, Coweta, Heard, Lamar, Meriwether, Pike, Spalding, Troup, and Upson Counties is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended December 31, 2010, the Town paid membership dues in the amount of $339. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Three Rivers Regional Commission
120 North Hill Street
Griffin, Georgia 30224

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

The Town is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the Town.

Grant Contingencies:

The Town has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the Town believes such disallowances, if any, will not be significant.

TOWN OF SHARPSBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE YEAR ENDED DECEMBER 31, 2010

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
2002					
Street improvements	$ 233,500	$ 205,500	$ 268,445	$ -	$ 268,445
Sidewalks	50,000	78,000	78,000	-	78,000
Recreation building improvements	-	-	-	73,317	73,317
Land purchase	-	-	-	15,539	15,539
Water tower	-	-	68,408	7,000	75,408
Total	$ 283,500	$ 283,500	$ 414,853	$ 95,856	$ 510,709

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total SPLOST Fund expenditures	$ 187,416
Less General Fund Transfers In	(76,769)
Less Transportation Fund Transfers In (spent)	(14,791)
	$ 95,856

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Honorable Mayor and Members
Of Town Council
Town of Sharpsburg
Sharpsburg, Georgia

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the Town of Sharpsburg, Georgia, as of and for the year ended December 31, 2010, which collectively comprise the Town of Sharpsburg, Georgia's basic financial statements and have issued our report thereon dated November 17, 2013. 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.

Internal Control Over Financial Reporting

Management of the Town of Sharpsburg, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Sharpsburg, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sharpsburg, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Sharpsburg, Georgia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items 2010-1 and 2010-2 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sharpsburg, Georgia'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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompany schedule of findings and responses as item 2010-3.

The Town of Sharpsburg, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Sharpsburg, Georgia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Town Council, others within the Town, and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
November 17, 2013

TOWN OF SHARPSBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes _____ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2010 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010-1. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in various areas of Town operations.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The failure to properly segregate duties is due to the limited number of individuals available to perform each of the duties.

Recommendation: The duties of recording, distribution, approving, writing and signing of checks, and reconciliation of accounts should be segregated among employees.

TOWN OF SHARPSBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2010-1. Segregation of Duties (Continued)

Views of Responsible Officials: We concur. The Town is in the process of reviewing their systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

2010-2. Taxes Receivable and Deferred Revenues

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures in the current period.

Condition: The Town did not properly record the property tax receivable or the deferred portion of franchise taxes in the General fund during the year ended December 31, 2010.

Context: We addressed this matter with Town officials and they were able to determine the appropriate amount of property taxes receivable and deferred franchise tax revenue that should be recorded as of December 31, 2010.

Effect: An audit adjustment to increase both property taxes receivable and deferred franchise tax revenue was required to be recorded within the General Fund as of December 31, 2010.

Recommendation: We recommend the Town begin recognizing and recording all necessary tax adjustments at the end of each financial reporting cycle.

Views of Responsible Officials: We concur. The Town will begin recognizing and recording all necessary tax adjustments at the end of each financial reporting cycle.

2010-3. Adoption of Annual Budgets

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ending December 31, 2010, no budget was adopted for the Transportation Enhancement Grant Fund in accordance with the Official code of Georgia (OCGA) sections 36-81-2 through 36-81-6.

Recommendation: The Town should adopt a balanced budget for each fund as required by the OCGA.

TOWN OF SHARPSBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Views of Responsible Officials and Planned Corrective Action: We concur. The Town will adopt a balanced budget for each fund as required by the OCGA for the next fiscal year.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

TOWN OF SHARPSBURG, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

STATUS OF PRIOR YEAR AUDIT FINDINGS

2009 - 1. Segregation of Duties

For the year ending December 31, 2009, we noted the Town of Sharpsburg failed to properly segregate duties due to the limited number of individuals available to perform each of the duties.

Status: The above finding was not corrected for the year ended December 31, 2010. See finding 2010-1.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

Honorable Mayor and Members
Of Town Council
Town of Sharpsburg
Sharpsburg, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about the Town of Sharpsburg, Georgia's compliance during the year ended December 31, 2010, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grant #07-C-L-004. Management is responsible for the Town of Sharpsburg, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about the Town of Sharpsburg, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Town of Sharpsburg, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Sharpsburg, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that the Town of Sharpsburg, Georgia complied with the aforementioned requirement for the year ended December 31, 2010, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Town of Sharpsburg, Georgia management, Town Council and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
November 17, 2013

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Town of Sharpsburg, Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**07-C-L-004**
D	Grant Title	**Special Project Local Assistance Grant**
E	Grant Award Date	**01/22/07**
F	Grant Amount	**$10,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: December 31, 2010	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: December 31, 2010
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	-$2,500.00	
I	Grant Receipts or Revenue Recognized	$2,500.00	$10,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$10,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____