CITY OF STAPLETON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 – 3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6 - 7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	8 – 9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Notes to Basic Financial Statements	13 – 25
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	26 – 27
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – TSPLOST Special Revenue Fund	28
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures Compared to Budget (GAAP Basis) – General Fund	29 – 30
Schedule of Projects Constructed with Special Sales Tax Proceeds	31
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	32- 33
Schedule of Finding and Responses	34 - 35

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

Telephone (478) 552-6146
Facsimile (478) 552-6158

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Stapleton, 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 Stapleton, Georgia, as of and for the year ended June 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 Stapleton, Georgia, as of June 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 28 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 Stapleton, 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 Stapleton, 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 October 9, 2019 on our consideration of the City of Stapleton, 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 Stapleton, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

Sandersville, Georgia
October 9, 2019

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 STAPLETON, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 412,173	$ 78,932	$ 491,105
Accounts receivable, net	3,000	10,277	13,277
Receivable from other governments	15,119	-	15,119
Prepaid expenditures	1,243	293	1,536
Internal balances	-	-	-
Total current assets	431,535	89,502	521,037
Noncurrent assets:			
Capital assets:			
Nondepreciable	148,960	-	148,960
Depreciable capital assets, net	395,829	759,735	1,155,564
Total noncurrent assets	544,789	759,735	1,304,524
Deferred outflows of resources	-	-	-
Total assets and deferred outflow of resources	976,324	849,237	1,825,561
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	12,570	13,103	25,673
Current portion of note payable	9,431	13,491	22,922
Meter deposits held	-	18,053	18,053
Other accrued liabilities	5,446	366	5,812
Total current liabilities	27,447	45,013	72,460
Noncurrent liabilities:			
Notes payable, less current portion	9,804	43,847	53,651
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	37,251	88,860	126,111
NET POSITION:			
Net investment in capital assets	525,554	702,397	1,227,951
Restricted for:			
Capital projects	83,023	-	83,023
Transportation improvements	89,641	-	89,641
Unrestricted	240,855	57,980	298,835
	$ 939,073	$ 760,377	$ 1,699,450

See accompanying notes to the basic financial statements

CITY OF STAPLETON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 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	$ 73,523	$ 5,698	$ -	$ 55,316	$ (12,509)	$ -	$ (12,509)
Public safety	282,380	176,041	13,000	-	(93,339)	-	(93,339)
Street department	89,403	28,366	44,867	-	(16,170)	-	(16,170)
Health and welfare	28,636	-	-	-	(28,636)	-	(28,636)
Culture and recreation	5,756	-	-	-	(5,756)	-	(5,756)
Interest on long-term debt	1,287	-	-	-	(1,287)	-	(1,287)
Total governmental activities	480,985	210,105	57,867	55,316	(157,697)	-	(157,697)
Business-type activities:							
Water fund	90,008	74,533	-	-	-	(15,475)	(15,475)
Total business-type activities	90,008	74,533	-	-	-	(15,475)	(15,475)
Total primary government	$ 570,993	$ 284,638	$ 57,867	$ 55,316	(157,697)	(15,475)	(173,172)
General revenues:							
Taxes:							
Property taxes					33,649	-	33,649
General sales and use tax					50,748	-	50,748
Alcohol beverage tax					7,394	-	7,394
Franchise tax					13,374	-	13,374
Insurance company premium tax					31,394	-	31,394
Other taxes					17,307	-	17,307
Grants and contributions					-	-	-
Interest and dividend earnings					359	297	656
Miscellaneous					1,151	-	1,151
Transfers					1,050	(1,050)	-
Total general revenues and transfers					156,426	(753)	155,673
Change in net position					(1,271)	(16,228)	(17,499)
Net position, beginning					940,344	776,605	1,716,949
Net position, ending					$ 939,073	$ 760,377	$ 1,699,450

See accompanying notes to the basic financial statements

CITY OF STAPLETON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	TSPLOST Fund	Capital Projects Fund (2016)	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 242,406	$ 91,179	$ 78,588	$ 412,173
Accounts receivable, net	1,036	1,964	-	3,000
Receivables from other governments	10,684	-	4,435	15,119
Prepaid expenses	1,085	158	-	1,243
Total assets	$ 255,211	$ 93,301	$ 83,023	$ 431,535
LIABILITIES:				
Accounts payable	$ 8,910	$ 3,660	$ -	$ 12,570
Other liabilities	5,446	-	-	5,446
Payable to other funds	-	-	-	-
Total liabilties	14,356	3,660	-	18,016
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	907	-	-	907
FUND BALANCES:				
Non-spendable fund balance:				
Prepaid expenses	1,085	-	-	1,085
Restricted fund balance:				
Capital projects	-	-	83,023	83,023
Transportation improvements	-	89,641	-	89,641
Unrestricted fund balance:				
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	238,863	-	-	238,863
Total fund balances	239,948	89,641	83,023	412,612
Total liabilities, deferred inflows of resources and fund balances	$ 255,211	$ 93,301	$ 83,023	$ 431,535

(continued)

CITY OF STAPLETON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Fund balance - total governmental funds	$ 412,612
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 $1,781,428	544,789
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	907
Some liabilities are not due and payable in the current period and therefore are deferred in the funds:	
Notes payable	(19,235)
Net position of governmental activities	$ 939,073

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

	General Fund	TSPLOST Fund	Capital Projects Fund (2016)	Total Govern-mental Funds
REVENUES:				
Taxes	$ 154,817	$ -	$ -	$ 154,817
Licenses and permits	3,408	-	-	3,408
Intergovernmental	13,000	44,867	55,316	113,183
Fines and forfeitures	176,041	-	-	176,041
Charges for services	28,474	-	-	28,474
Other	3,692	-	-	3,692
Total revenues	379,432	44,867	55,316	479,615
EXPENDITURES:				
Current operating:				
General government	66,204	-	-	66,204
Public safety	250,106	-	-	250,106
Street department	83,327	2,727	-	86,054
Health and welfare	28,636	-	-	28,636
Culture and recreation	3,241	-	-	3,241
Debt service:				-
Principal	9,040	-	-	9,040
Interest and other charges	1,287	-	-	1,287
Capital outlays	-	7,450	44,988	52,438
Total expenditures	441,841	10,177	44,988	497,006
Excess (deficiency) of revenues over expenditures	(62,409)	34,690	10,328	(17,391)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	3,150	(2,100)	-	1,050
Total other financing sources and uses	3,150	(2,100)	-	1,050
Net change in fund balance	(59,259)	32,590	10,328	(16,341)
FUND BALANCE, beginning of year	299,207	57,051	72,695	428,953
FUND BALANCE, end of year	$ 239,948	$ 89,641	$ 83,023	$ 412,612

(Continued)

See accompanying notes to the basic financial statements

CITY OF STAPLETON, GEORGIA

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

FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	$ (16,341)
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	52,438
Depreciation	(45,457)
	6,981
The effect of various capital asset contributions and sales, net of accumulated depreciation	-
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	(951)
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	9,040
	9,040
	$ (1,271)

See accompanying notes to the basic financial statements

CITY OF STAPLETON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Water Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 78,932
Accounts receivable, net of allowance of $0	10,277
Prepaid expenses	293
Total current assets	89,502
NONCURRENT ASSETS:	
Capital assets:	
Equipment	80,195
Distribution system	1,532,405
	1,612,600
Less accumulated depreciation	(852,865)
Total capital assets	759,735
Total assets	849,237
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	13,103
Current portion of note payable	13,491
Payroll taxes payable	366
Meter deposits held	18,053
Total current liabilities	45,013
NONCURRENT LIABILITIES:	
Notes payable, net of current portion	43,847
Total noncurrent liabilities	43,847
Total liabilities	88,860
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	702,397
RESTRICTED FOR PREPAID EXPENSES	293
UNRESTRICTED	57,687
Total net position	$ 760,377

See accompanying notes to the basic financial statements

CITY OF STAPLETON, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRORIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund
OPERATING REVENUES:	
Charges for services	$ 74,533
Miscellaneous income	-
Total operating revenue	74,533
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	12,375
Payroll taxes	958
Purchased/contracted services:	
Repairs and replacement	19,202
Advertising	-
Professional fees	-
Dues and fees	2,445
Insurance	6,538
Supplies:	
Chemicals and supplies	4,268
Office supplies	1,332
Utilities and communication	6,939
Depreciation	35,919
Miscellaneous	32
Total operating expenses	90,008
OPERATING LOSS	(15,475)
NON-OPERATING REVENUES (EXPENSES):	
State grant	-
Interest income	297
Interest expense	-
Total non-operating revenues (expenses)	297
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(15,178)
CAPITAL CONTRIBUTIONS	-
NET LOSS BEFORE TRANSFERS	(15,178)
TRANSFERS FROM (TO) GENERAL FUND	(1,050)
NET INCOME (LOSS)	(16,228)
NET POSITION, beginning of year	776,605
NET POSITION, end of year	$ 760,377

See accompanying notes to the basic financial statements

CITY OF STAPLETON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 73,552
Cash paid to suppliers for goods and services	(44,458)
Cash paid to employees	(13,296)
Other receipts (payments)	-
Net cash provided by (used for) operating activities	15,798
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	(1,050)
Net cash provided by (used for) noncapital financing activities	(1,050)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Proceeds from state grant	-
Principal paid on capital debt	(13,491)
Interest paid on capital debt	-
Net cash provided by (used for) capital and related financing activities	(13,491)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	297
Net cash provided by (used for) investing activities	297
NET INCREASE (DECREASE) IN CASH	1,554
CASH AND CASH EQUIVALENTS, beginning of year	77,378
CASH AND CASH EQUIVALENTS, end of year	$ 78,932
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (15,475)
Adjustments to reconcile net operating income (loss to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	35,919
Changes in assets and liabilities:	
Accounts receivable	(981)
Prepaid expenses	2,763
Accounts payable	(8,185)
Payroll taxes payable	37
Meter deposits held	1,720
Net cash provided by (used for) operating activities	$ 15,798

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Stapleton (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 Capital Projects Fund (2016) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period January 1, 2016 to December 31, 2020.

The TSPLOST Special Revenue Fund accounts for capital outlay and other transportation improvements related to the additional one-percent local option sales tax in effect for the period January 1, 2015 to December 31, 2022.

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 Net Position.

E. 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 $2,500 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, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets totaling $0 were completed during the year ended June 30, 2019. At June 30, 2019, there was $0 of 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
Machinery and equipment	7 - 30 years
Infrastructure	20 – 40 years

F. 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 Water Fund. 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 June 30, 2019.

G. 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.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

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.

H. Fund Equity

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'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 addresses 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."

I. 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 July 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 Stapleton.

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 and Capital Projects Fund. The budget for the General Fund is 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 June 30, 2019:

Street department	$ 12,167
Health and welfare	550
Debt service	10,327

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 June 30, 2019, none of the City's $491,105 was exposed to custodial credit risk.

Investments - There were no investments at June 30, 2019.

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 authorized by the City Council. Appraised values are established by the Jefferson County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on or about October 6, 2018. Taxes were billed on or about November 10, 2018 and were due December 31, 2018 after which date penalties and interest were assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the City.

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 June 30, 2019, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 1,036	$ -	$ 1,036
Local option sales tax	8,709	-	8,709
Other taxes	1,975	-	1,975
Capital Projects Fund (2016)			
Special local option sales tax	4,435	-	4,435
TSPLOST Fund:			
Special local option sales tax	1,964		1,964
Water Fund:			
Water fees receivable	-	10,277	10,277
	18,119	10,277	28,396
Allowance for doubtful accounts	-	-	-
	$ 18,119	$ 10,277	$28,396

6. CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 148,960	$ -	$ -	$ 148,960
Construction-in-progress	-	-	-	-
Subtotal	148,960	-	-	148,960
Other capital assets:				
Buildings	278,851	-	-	278,851
Equipment	702,672	52,438	-	755,110
Infrastructure	1,143,296	-	-	1,143,296
Subtotal	2,273,779	52,438	-	2,326,217
Accumulated depreciation:				
Buildings	104,513	5,586	-	110,099
Equipment	488,161	39,871	-	528,032
Infrastructure	1,143,297	-	-	1,143,297
Subtotal	1,735,971	45,457	-	1,781,428
Net capital assets	$ 537,808	$ 6,981	$ -	$ 544,789
Business-type activities:				
Not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction-in-progress	-	-	-	-
Subtotal	-	-	-	-
Other capital assets:				
Water system	1,532,405	-	-	1,532,405
Equipment	80,195	-	-	80,195
Subtotal	1,612,600	-	-	1,612,600
Accumulated depreciation:				
Water system	750,241	35,278	-	785,519
Equipment	66,705	641	-	67,346
Subtotal	816,946	35,919	-	852,865
Net capital assets	$ 795,654	$ (35,919)	$ -	$ 759,735

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 7,319
Public safety	32,274
Street department	3,349
Culture and recreation	2,515
	$ 45,457
Business-type activities:	
Water Fund	$ 35,919

7. LONG-TERM DEBT

Outstanding Debt:

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

	Governmental Activities	Water Enterprise Fund Debt
$37,037 note payable to GMA for police vehicle; interest at 3.9%; due in annual principal and interest installments of $10,191 to June 2021	$ 19,235	$ -
$262,498 note payable to GEFA for the purpose of water system improvements; interest at 0.0%; due in quarterly principal and interest payments of $3,373 to August 2023	-	57,338
Total long-term debt	$ 19,235	$ 57,338

Following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
Governmental type activities:					
Notes payable	$ 28,275	$ -	$ 9,040	$ 19,235	$ 9,431
Business-type activities:					
Notes payable	$ 70,829	$ -	$ 13,491	$ 57,338	$ 13,491

Annual Requirements to Retire Debt Obligations:

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

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	$ 9,431	$ 760	$ 13,491	-
2021	9,804	387	13,491	-
2022	-	-	13,491	-
2023			13,491	
2024	-	-	3,374	-
	$ 19,235	$ 1,147	$ 57,338	$ -

8. FUND DEFICITS

At June 30, 2019, no fund had a deficit fund balance or net position balance.

9. INTERFUND TRANSACTIONS AND BALANCES

During 2018 the Transportation Special Revenue Fund transferred $2,100 to the General Fund for street expenditures paid by the General Fund, and the Water Fund transferred $1,050 for water expenditures paid by the General Fund. There were no balances due to/from funds at June 30, 2019.

10. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the City's financial position.

11. 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.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pool

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the City has no legal obligation to pay its own workers' compensation claims or general liability claims. The City is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The City is self-insured with regard to unemployment compensation claims. The City accounts for claims with expenditures and liabilities 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.

12. 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 Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2019, the City paid $308 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:

Central Savannah River Area Regional Commission
2123 Wrightsboro Road
PO Box 2800
Augusta, Georgia 30914-2800

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2019, 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 and the TSPLOST Special Revenue Fund

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 39,500	$ 39,700	$ 34,600	$ (5,100)
Vehicle	10,000	11,000	12,478	1,478
Utility franchise tax	13,900	13,900	13,374	(526)
Alcoholic beverage excise	10,000	10,000	7,394	(2,606)
Local option sales tax	53,900	53,900	50,748	(3,152)
Insurance company premium	29,000	31,400	31,394	(6)
Intangible	400	400	376	(24)
Other	6,600	6,700	4,453	(2,247)
	163,300	167,000	154,817	(12,183)
Licenses and Permits:				
Business and beer licenses	3,400	3,800	3,408	(392)
	3,400	3,800	3,408	(392)
Intergovernmental:				
Federal and State grants	-	-	-	-
County contribution to fire department	13,000	13,000	13,000	-
	13,000	13,000	13,000	-
Charges for services:				
Garbage fees	30,000	30,000	28,366	(1,634)
Court fines	196,000	196,000	176,041	(19,959)
Other fees	200	200	108	(92)
	226,200	226,200	204,515	(21,685)
Miscellaneous:				
Interest income	150	150	359	209
Rent	3,000	3,000	2,182	(818)
Sale of equipment and supplies	1,000	1,000	500	(500)
Other	3,900	8,304	651	(7,653)
	8,050	12,454	3,692	(8,762)
Total revenues	413,950	422,454	379,432	(43,022)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 63,702	$ 67,949	$ 66,204	$ 1,745
Public safety	255,852	253,709	250,106	3,603
Street department	61,690	71,160	83,327	(12,167)
Health and welfare	30,706	28,086	28,636	(550)
Culture and recreation	2,000	4,700	3,241	1,459
Total operating expenditures	413,950	425,604	431,514	(5,910)
Capital Outlays:				
General government	-	-	-	-
Public safety	-	-	-	-
Street department	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total capital expenditures	-	-	-	-
Debt Service:				
Principal	-	-	9,040	(9,040)
Interest	-	-	1,287	(1,287)
Total debt service	-	-	10,327	(10,327)
Total expenditures	413,950	425,604	441,841	(16,237)
Excess (deficiency) of revenues over expenditures	-	(3,150)	(62,409)	(59,259)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	-	3,150	3,150	-
	-	3,150	3,150	-
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	(59,259)	(59,259)
FUND BALANCE, beginning of year	299,207	299,207	299,207	-
FUND BALANCE, end of year	$ 299,207	$ 299,207	$ 239,948	$ (59,259)

CITY OF STAPLETON, GEORGIA
TSPLOST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:				
Special local option sales tax	$ 25,000	$ 25,000	$ 24,104	$ (896)
LMIG grant revenue	14,000	14,000	20,763	6,763
	39,000	39,000	44,867	5,867
EXPENDITURES:				
Current operating:				
Transportation improvements	17,000	17,000	2,727	14,273
Capital outlays	19,000	19,000	7,450	11,550
Total expenditures	36,000	36,000	10,177	25,823
Excess revenues over (under) expenditures	3,000	3,000	34,690	31,690
OTHER FINANCING SOURCES (USES)				
Transfers out to General Fund	(3,000)	(3,000)	(2,100)	900
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	32,590	32,590
FUND BALANCE, beginning of year	57,051	57,051	57,051	-
FUND BALANCE, end of year	$ 57,051	$ 57,051	$ 89,641	$ 32,590

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
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 28,200	$ 31,200	$ 31,025	$ 175
Payroll taxes	2,510	2,430	2,374	56
Purchased/contracted services:				
Accounting and legal	9,500	9,400	7,800	1,600
Insurance	3,800	3,314	4,598	(1,284)
Utilities and communication	7,037	8,240	8,384	(144)
Repairs and maintenance	320	320	320	-
Dues	3,500	4,500	4,318	182
Advertising	400	600	810	(210)
Supplies:				
Office supplies	2,700	3,500	3,587	(87)
Other costs:				
Travel and training	2,300	1,500	1,415	85
Election	-	-	-	-
Miscellaneous	3,435	2,945	1,573	1,372
Total General Government	$ 63,702	$ 67,949	$ 66,204	$ 1,745
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 124,000	$ 113,000	$ 108,525	$ 4,475
Payroll taxes	10,124	9,360	8,387	973
Purchased/contracted services:				
Insurance	10,700	15,055	15,055	-
Municipal judge	3,300	3,300	3,300	-
Boarding prisoners	200	1,000	900	100
Travel and training	3,800	3,250	3,352	(102)
Vehicle costs	10,000	11,000	11,560	(560)
Repairs and maintenance	1,000	755	375	380
Utilities and communication	7,603	6,203	7,168	(965)
Supplies	6,200	7,800	7,321	479
Other costs:				
Dues and fees	50,800	51,600	56,044	(4,444)
Miscellaneous	6,500	11,250	8,490	2,760
Total Police	234,227	233,573	230,477	3,096

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fire:				
Purchased/contracted services:				
Insurance	$ 7,500	$ 5,820	$ 5,768	$ 52
Repairs and maintenance	500	500	350	150
Utilities and communication	6,150	7,600	7,220	380
Training	5,750	2,900	2,900	-
Supplies	1,600	3,000	3,040	(40)
Miscellaneous	125	316	351	(35)
Total Fire	21,625	20,136	19,629	507
Total Public Safety	$ 255,852	$ 253,709	$ 250,106	$ 3,603
Street Department:				
Personal services and employee benefits:				
Salaries	$ 32,000	$ 48,000	$ 47,849	$ 151
Payroll taxes	2,550	3,600	3,698	(98)
Purchased/contracted services:				
Insurance	1,500	-	-	-
Utilities and communication	19,300	19,300	18,929	371
Repairs and maintenance	6,340	-	12,591	(12,591)
Materials and supplies	-	-	-	-
Other costs	-	260	260	-
Total Street Department	$ 61,690	$ 71,160	$ 83,327	$ (12,167)
Health and Welfare:				
Personal services and employee benefits:				
Salaries	$ 600	$ 700	$ 716	$ (16)
Payroll taxes	56	56	54	2
Purchased/contracted services:				
Insurance	-	-	-	-
Garbage contract	27,000	24,305	24,304	1
Repairs and maintenance	-	-	-	-
Materials and supplies	2,800	2,800	2,990	(190)
Other costs	250	225	572	(347)
Total Health and Welfare	$ 30,706	$ 28,086	$ 28,636	$ (550)
Culture and Recreation:				
Personal services and employee benefits:				
Salaries	$ -	$ -	$ -	$ -
Payroll taxes	-	-	-	-
Purchased/contracted services:				
Utilities and communication	1,400	1,100	824	276
Repairs and maintenance	100	100	-	100
Materials and supplies	500	3,500	2,417	1,083
Other costs	-	-	-	-
Total Culture and Recreation	$ 2,000	$ 4,700	$ 3,241	$ 1,459

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

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2016 Tax:						
Fire equipment	$ 35,000	$ 51,170	$ 17,442	$ 33,728	$ 51,170	100.0%
Police equipment	35,000	35,000	-	11,260	11,260	32.2%
Street department equipment	40,000	40,000	-	-	-	-
General government buildings	90,000	90,000	14,481	-	14,481	16.1%
Water department equipment	79,460	79,460	-	-	-	-

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

Telephone (478) 552-6146
Facsimile (478) 552-6158

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 Stapleton, 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 Stapleton, Georgia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Stapleton's basic financial statements and have issued our report thereon dated October 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Stapleton, 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 Stapleton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Stapleton'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 Stapleton 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as noted in item 19-3.

City of Stapleton, Georgia's Response to Findings

City of Stapleton, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Stapleton, 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
October 9, 2019

CITY OF STAPLETON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

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 several 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.

CITY OF STAPLETON

120 W. Main Street
P.O. Box 218
Stapleton, GA 30823
(706) 547-2828

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 June 30, 2019.

With respect to the findings regarding segregation of duties and control over financial statement presentation in the "Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards," we submit the following comments:

1. 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.

2. We are a small municipal government with two part-time clerk as the only office employees. We have separated accounting duties as much as possible, but because of two sets of books, one for general fund and one for water fund, this is difficult to do. The mayor and a council member co-sign checks after council approves the bills for payment.

3. We do not feel that it would be cost effective to hire additional personnel only for the purpose of internal control duty separations.

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

Street department	$12,167
Health and welfare	550
Debt service	10,327

5. 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.

6. 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.

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,

Frank Parrish

Frank Parrish
Mayor, City of Stapleton