



City of Euharlee

Annual Financial Report
For the Year Ended
December 31, 2018

By Authority of the Mayor and City Council

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CITY OF EUHARLEE, GEORGIA
Annual Financial Report
Year Ended December 31, 2018

FINANCIAL SECTION

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
Of the City of Euharlee, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Euharlee, Georgia as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Euharlee, Georgia'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, 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 aggregate remaining fund information of the City of Euharlee, Georgia, as of December 31, 2018, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 Euharlee, Georgia's basic financial statements. The combining and individual fund financial statements and the Schedule of Special Local Option Sales Tax Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedule of Special Local Option Sales Tax Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Schedule of Special Purpose Local Option Sales Tax Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of the City of Euharlee, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Euharlee, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Euharlee, Georgia's internal control over financial reporting and compliance.

Williamson and Company
Certified Public Accountants
June 21, 2019

BASIC FINANCIAL STATEMENTS



CITY OF EUHARLEE, GEORGIA

Statement of Net Position

December 31, 2018

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 1,962,016
Receivables	285,139
Prepaid Assets	1,620
Capital Assets	
Land and Improvements	1,053,097
Construction In Progress	461,473
Other Capital Assets, Net of Depreciation	<u>7,442,347</u>
Total Assets	<u>11,205,692</u>
Liabilities	
Accounts Payable	25,785
Salaries and Wages Payable	6,225
Unearned Revenue	49,416
Noncurrent Liabilities	
Due Within One Year	646,322
Due In More Than One Year	<u>663,846</u>
Total Liabilities	<u>1,391,594</u>
Net Position	
Net Investment in Capital Assets	7,655,817
Restricted For	
Capital Projects	1,271,382
Debt Service	31,500
Law Enforcement Activities	51,417
Unrestricted	<u>803,981</u>
Total Net Position	<u>\$ 9,814,097</u>

The accompanying notes are an integral part of this financial statement.

CITY OF EUHARLEE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government					
Governmental Activities:					
General Government	\$ 460,586	\$ 23,263	\$ -	\$ 707,645	\$ 270,322
Public Safety	847,757	111,568	-	-	(736,189)
Municipal Court	67,321	-	-	-	(67,321)
Public Works	289,932	-	-	-	(289,932)
Culture and Recreation	649,175	83,039	-	-	(566,136)
Planning and Zoning	5,040	10,924	-	-	5,884
Interest On Long-term Debt	27,165	-	-	-	(27,165)
Total Primary Government	<u>\$ 2,346,976</u>	<u>\$ 228,794</u>	<u>\$ -</u>	<u>\$ 707,645</u>	<u>(1,410,537)</u>

General Revenues

Taxes	
Property Taxes	153,109
Local Option Sales Taxes	901,652
Franchise Taxes	155,795
Insurance Premium Taxes	296,806
Motor Vehicle Taxes	122,198
Alcoholic Beverage Taxes	16,002
Energy Excise Taxes	73,069
Other Taxes	1,603
Interest Income	4,793
Miscellaneous	71,091
Total General Revenues	<u>1,796,118</u>
Change In Net Position	385,581
Net Position - Beginning, Restated	<u>9,428,516</u>
Net Position - Ending	<u>\$ 9,814,097</u>

The accompanying notes are an integral part of this financial statement.

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CITY OF EUHARLEE, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2018

	General	2008 SPLOST	2014 SPLOST	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 671,493	\$ 31,500	\$ 502,204	\$ 705,402	\$ 51,417	\$ 1,962,016
Receivables	228,800	-	56,339	-	-	285,139
Prepaid Assets	1,620	-	-	-	-	1,620
Due From Other Funds	-	-	7,437	-	-	7,437
Total Assets	901,913	31,500	565,980	705,402	51,417	2,256,212
Liabilities						
Accounts Payable	25,785	-	-	-	-	25,785
Salaries and Wages Payable	6,225	-	-	-	-	6,225
Unearned Revenue	49,416	-	-	-	-	-
Due To Other Funds	7,437	-	-	-	-	7,437
Total Liabilities	88,863	-	-	-	-	39,447
Fund Balances						
Nonspendable	1,620	-	-	-	-	1,620
Restricted For:						
Capital Projects	-	-	565,980	705,402	-	1,271,382
Debt Service	-	31,500	-	-	-	31,500
Law Enforcement	-	-	-	-	51,417	51,417
Unassigned	811,430	-	-	-	-	811,430
Total Fund Balances	813,050	31,500	565,980	705,402	51,417	2,167,349
Total Liabilities and Fund Balances	\$ 901,913	\$ 31,500	\$ 565,980	\$ 705,402	\$ 51,417	\$ 2,206,796

Reconciliation of the Balance Sheet to the Statement of Net Position

Total Fund Balances - Governmental Funds \$ 2,167,349

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 governmental funds.

Governmental Capital Assets	12,335,272	
Less Accumulated Depreciation	(3,378,356)	8,956,916

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds Payable	(1,210,000)	
Lease Payable	(32,417)	
Note Payable	(40,815)	
Compensated Absences	(26,936)	(1,310,168)

Net Position of Governmental Activities \$ 9,814,097

The accompanying notes are an integral part of this financial statement.

CITY OF EUHARLEE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	2008 SPLOST	2014 SPLOST	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 1,720,234	\$ -	\$ -	\$ -	\$ -	\$ 1,720,234
Licenses and Permits	31,048	-	-	-	-	31,048
Charges for Services	77,509	-	-	-	13,236	90,745
Fines and Forfeitures	107,001	-	-	-	-	107,001
Intergovernmental	-	-	707,645	-	-	707,645
Interest Income	1,611	-	1,868	1,275	39	4,793
Miscellaneous Income	23,043	-	-	-	48,048	71,091
Total Revenues	<u>1,960,446</u>	<u>-</u>	<u>709,513</u>	<u>1,275</u>	<u>61,323</u>	<u>2,732,557</u>
Expenditures						
Current						
General Government	420,386	-	-	-	-	420,386
Police	751,271	-	-	-	25,293	776,564
Municipal Court	67,321	-	-	-	-	67,321
Public Works	235,947	-	-	-	-	235,947
Culture and Recreation	422,045	-	-	-	-	422,045
Planning and Zoning	5,040	-	-	-	-	5,040
Capital Outlay						
Police	-	-	-	-	50,285	50,285
Debt Service						
Principal	-	19,003	585,001	-	17,868	621,872
Interest	-	1,023	26,142	-	-	27,165
Total Expenditures	<u>1,902,010</u>	<u>20,026</u>	<u>611,143</u>	<u>-</u>	<u>93,446</u>	<u>2,626,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>58,436</u>	<u>(20,026)</u>	<u>98,370</u>	<u>1,275</u>	<u>(32,123)</u>	<u>105,932</u>
Other Financing Sources						
Lease Proceeds	-	-	-	-	50,285	50,285
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,285</u>	<u>50,285</u>
Net Change in Fund Balances	58,436	(20,026)	98,370	1,275	18,162	156,217
Fund Balances - Beginning	<u>639,909</u>	<u>51,526</u>	<u>467,610</u>	<u>704,126</u>	<u>33,255</u>	<u>1,896,426</u>
Prior Period Adjustment	<u>114,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,705</u>
Fund Balances - Ending	<u>\$ 813,050</u>	<u>\$ 31,500</u>	<u>\$ 565,980</u>	<u>\$ 705,401</u>	<u>\$ 51,417</u>	<u>\$ 2,167,348</u>

The accompanying notes are an integral part of this financial statement.

CITY OF EUHARLEE, 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, 2018

Net Change in Fund Balances \$ 156,217

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. This is the amount by which capital outlays and donated capital assets exceeded depreciation in the current period.

Expenditures for Capital Assets	50,285	
Less Current Year Depreciation	<u>(389,694)</u>	(339,409)

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 the governmental funds.

Net Change in Long-term Compensated Absences		(2,813)
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Issuance and repayment of long-term debt is an other financing source and expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.

Principle Payment On Revenue Bonds	585,000	
Principle Payment On Note Payable	19,003	
Principal Payment on Capital Lease	17,868	
Lease Proceeds	<u>(50,285)</u>	<u>571,586</u>

Change In Net Position Of Governmental Activities		\$ <u>385,581</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF EUHARLEE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,472,500	\$ 1,625,628	\$ 1,720,234	\$ 94,606
Licenses and Permits	32,200	32,200	31,048	(1,152)
Charges for Services	88,300	88,300	77,509	(10,791)
Fines and Forfeitures	125,000	125,000	107,001	(17,999)
Intergovernmental	49,000	49,000	-	(49,000)
Interest Income	300	300	1,611	1,311
Miscellaneous Income	14,000	14,000	23,043	9,043
Total Revenues	<u>1,781,300</u>	<u>1,934,428</u>	<u>1,960,446</u>	<u>26,018</u>
Expenditures				
Current				
General Government	434,364	432,857	420,386	12,471
Public Safety	754,394	753,395	751,271	2,124
Municipal Court	65,579	67,529	67,321	208
Public Works	195,111	242,111	235,947	6,164
Culture and Recreation	347,946	427,436	422,045	5,391
Planning and Zoning	11,100	11,100	5,040	6,060
Total Expenditures	<u>1,808,494</u>	<u>1,934,428</u>	<u>1,902,010</u>	<u>32,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,194)</u>	<u>-</u>	<u>58,436</u>	<u>58,436</u>
Other Financing Sources (Uses)				
Appropriated Fund Balance	<u>27,194</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>27,194</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	<u>-</u>	<u>-</u>	<u>58,436</u>	<u>58,436</u>
Fund Balances - Beginning			<u>639,909</u>	
Prior Period Adjustment			<u>114,705</u>	
Fund Balances - Ending			<u>\$ 813,050</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

Note 1. Summary of Significant Accounting Policies

The City of Euharlee operates under a Council-Manager form of government. The City provides the following services: Public Works (Streets), Public Safety (Police and Municipal Court), Culture and Recreation (Library, Museum, Parks and Other Public Facilities), and General and Administrative Services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the 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 government's accounting policies are described below.

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Euharlee, Georgia (City) is governed by an elected mayor and governing council (Council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

There are no component units included within the reporting entity.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about a government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

The City reports the following major governmental funds:

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

The *Capital Project–2008 SPLOST Fund* accounts for the receipt and disbursement of SPLOST resources from the 2008 referendum that are to be used to finance the acquisition and/or construction of capital assets.

The *2014 SPLOST Debt Service Fund* accounts for the receipt and disbursement of SPLOST resources from the 2011 referendum that are to be used to service the 2013 Urban Redevelopment Bond debt. The proceeds from those bonds advanced funded the projects approved by the 2014 SPLOST referendum.

The *2014 SPLOST Capital Projects Fund* accounts for the receipt and disbursement of bond proceeds for various capital projects throughout the City. The bonds are to be repaid using proceeds obtained from the 2014 SPLOST referendum.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources 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 after 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 are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets were adopted for the General Fund, Police Fund, and the Information Technology Fund. The 2008 SPLOST Fund, 2014 SPLOST Debt Service Fund, and the 2014 SPLOST Capital Projects Fund operates under project length budgets. All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Department heads may make transfers of appropriations within a department. The legal level of budgetary control is at the departmental level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by Council. The 2018 General Fund budget was voted upon and adopted by the City Council. Expenditures exceeded appropriated amounts in the Police Special Revenue Fund in the amount of \$62,891 and the Information Technology Special Revenue fund in the amount of \$6,631.

Encumbrance or commitments related to the unperformed contract for goods or services (if any) were for immaterial amounts and therefore are not reported as reservations of fund balances.

G. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities and stated at fair value.

H. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances which represent receivables and payables between governmental and business-type activities are reported as internal balances. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

I. Capital Assets

Capital assets that cost more than \$1,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs and gutters, sidewalks, drainage and lighting systems) are reported in the governmental activities column in the government-wide statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

J. Compensated Absences

Vested or accumulated vacation leave, where applicable, is recorded as a liability in the governmental funds only in the government-wide financial statements.

K. Long-term Obligations

Long-term debt and other obligations are reported as a liability in the government-wide financial statements.

L. Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City had no items that qualified as a deferred outflow of resources for fiscal 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City had no items that qualified as a deferred inflow of resources for fiscal 2018.

M. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

N. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

O. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

P. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Note 2. Deposits and Investments

Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities. At year end the government's carrying amount of deposits was \$1,961,767 and the bank balance was \$2,012,289. As of December 31, 2018, \$326,685 of the City's demand deposits was FDIC insured with the remainder collateralized in accordance with O.C.G.A §45-8-12.

The City's investments are categorized as either (1) insured or collateralized with securities held by the City or its agent in the City's name, (2) collateralized with securities held by the pledging financial institutions trust department or agent in the City's name or (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

Statement of Net Position	
Cash	\$ 671,493
Restricted Cash	<u>1,290,523</u>
Total	<u>\$ 1,962,016</u>

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

Note 3. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables</u>	<u>General Fund</u>	<u>2014 SPLOST Fund</u>	<u>Total</u>
Tax Receivables	\$ 228,800	\$ -	\$ 228,800
Intergovernmental	-	56,339	56,339
Less: Allowance for Doubtful Accounts	-	-	-
Net Total Receivables	<u>\$ 228,800</u>	<u>\$ 56,339</u>	<u>\$ 285,139</u>

Property tax is levied upon receipt of the digest from Bartow County and based upon the assessed value at January 1. Taxes were levied _____ 2018 and due by _____. The billings are considered past due ___ days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Bartow County Board of Tax Assessors and are currently calculated at 40% of market value. Based on the 2018 millage levy of 2 mills, a property owner would pay \$2.00 per \$1,000 of assessed valuation. Current tax collections of \$153,109 were 96.7% of the tax levy.

Tax receivables in the General Fund consist of Local Option Sales Tax for \$82,016, Electric Franchise Tax for \$121,878, Title Ad Valorem Tax for \$10,471, Property Taxes for \$1,698, Alcoholic Beverage Excise Taxes for \$1,161, Intangible Taxes for \$187, Real Estate Transfer Taxes for \$49, and Energy Excise Taxes for \$11,340.

Note 4. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds:

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, short-term non-operating subsidies and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at year-end are presented as "Due To/From Other Funds". Balances between governmental funds are netted when presented in the government-wide statements. As of December 31, 2018, the following internal balance was present:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
2014 SPLOST Debt Service Fund	General Fund	<u>\$ 7,437</u>

Transfers and Payments:

Routine transfers and payments between funds are to subsidize operations and for capital asset acquisitions. For the fiscal year ended December 31, 2018, the City had no interfund transfers.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

Note 5. Capital Assets

The following is a summary of the primary government capital asset activity during the fiscal year:

<i>Governmental Activities</i>	Balance January 1	Additions	Deletions	Transfers In/(Out)	Balance December 31
Capital Assets, Not Being Depreciated					
Land	\$ 1,053,097	\$ -	\$ -	\$ -	\$ 1,053,097
Construction in Progress	461,473	-	-	-	461,473
Total Capital Assets, Not Being Depreciated	<u>1,514,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,514,570</u>
Capital Assets Being Depreciated					
Buildings and Improvements	7,682,072	-	-	-	7,682,072
Equipment	1,021,402	50,285	-	-	1,071,687
Infrastructure	2,066,943	-	-	-	2,066,943
Total Capital Assets Being Depreciated	<u>10,770,417</u>	<u>50,285</u>	<u>-</u>	<u>-</u>	<u>10,820,702</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,287,453)	(257,529)	-	-	(1,544,982)
Equipment	(799,594)	(76,194)	-	-	(875,788)
Infrastructure	(901,615)	(55,971)	-	-	(957,586)
Total Accumulated Depreciation	<u>(2,988,662)</u>	<u>(389,694)</u>	<u>-</u>	<u>-</u>	<u>(3,378,356)</u>
Total Capital Assets Being Depreciated, Net	<u>7,781,755</u>	<u>(339,409)</u>	<u>-</u>	<u>-</u>	<u>7,442,346</u>
Total Capital Assets, Net	<u>\$ 9,296,325</u>	<u>\$ (339,409)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,956,916</u>

The City did not have any activity on the Lowry Mill Restoration project. That project was in progress at year end with total cost incurred of \$442,367. The City purchased two vehicles with equipment for the police department totaling \$50,285.

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

Governmental Activities:

Administration	\$ 40,197
Public Safety	68,381
Public Works	53,985
Culture and Recreation	<u>227,131</u>
Total	<u>\$ 389,694</u>

The following estimated useful lives are used to compute depreciation (straight-line method):

Equipment	3-10 years
Buildings and Improvements	20-50 years
Infrastructure	20-75 years

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

Note 6. Long-term Debt

Revenue Bonds

In 2013 the City issued \$3,500,000 in Urban Redevelopment Agency revenue bonds in order to fund various City projects within the constraints of the bond covenants. The bonds mature in 2020 and are to be repaid with amounts collected from Bartow County representing the City's portion of the 2014 SPLOST referendum.

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Series 2014 Urban Redevelopment Agency Revenue Bonds	1.74%	2/28/2013	3/1/2020	\$ 3,500,000	<u>\$ 1,210,000</u>

The following schedule presents debt service requirements to maturity for the City's revenue bonds:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 600,000	\$ 15,834	\$ 615,834
2020	610,000	5,307	615,307
Total	<u>\$ 1,210,000</u>	<u>\$ 21,141</u>	<u>\$ 1,231,141</u>

Note Payable

On January 14, 2011, the City obtained a note payable from the Georgia Environmental Finance Authority in the amount of \$180,000 for a land purchase associated with the Joe Cowan recreational complex. The note matures in 2021 and is currently being repaid with amounts collected from Bartow County representing the City's portion of the 2008 SPLOST referendum.

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2011 Georgia Environmental Finance Authority	2.00%	1/14/2011	1/1/2021	\$ 180,000	<u>\$ 40,815</u>

Schedule to maturity for the 2011 GEFA note payable is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 19,386	\$ 640	\$ 20,026
2020	19,696	330	20,026
2021	1,733	3	1,736
Total	<u>\$ 40,815</u>	<u>\$ 973</u>	<u>\$ 41,788</u>

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

The following is long – term debt activity for the year ended December 31, 2018:

<u>Governmental Activities:</u>	<u>Beginning Balance</u> January 1, 2018	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u> December 31, 2018	<u>Due Within</u> <u>One Year</u>
Bonds Payable	\$ 1,795,000	\$ -	\$ 585,000	\$ 1,210,000	\$ 600,000
Note Payable	59,818	-	19,003	40,815	19,386
Capital Leases Payable	-	50,285	17,868	32,417	-
Compensated Absences	24,124	37,373	34,561	26,936	26,936
Total Long-term Liabilities	\$ 1,878,942	\$ 87,658	\$ 656,432	\$ 1,310,168	\$ 646,322

The capital lease payment for 2019 was paid in December of 2018. Therefore, there is no amount due in one year for the capital lease payable.

All compensated absences are liquidated in the General Fund.

Note 7. Lease Obligations

Governmental Capital Lease: During 2018, The City entered into a capital lease agreement as lessee to finance the purchase of two new vehicles for the police department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the audit period was \$5,029.

The historical cost of the vehicles and the related accumulated depreciation are as follows:

	<u>Governmental</u> <u>Activities</u>
Asset:	
Two 2019 Ford Interceptors	\$ 50,285
Less: Accumulated Depreciation	<u>(5,029)</u>
Total	<u>\$ 45,256</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018 for the governmental activities are as follows:

<u>Year Ending</u> <u>December 31</u>	
2019	\$ -
2020	17,868
2021	<u>17,868</u>
Total: Minimum Lease Payments	35,735
Less: Amount Representing Interest	<u>(3,318)</u>
Total	<u>\$ 32,417</u>

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

Note 8. Fund Balance/Net Position

Restrictions are used to indicate that a portion of the fund balances and net position are not available for expenditures or expenses and are legally segregated for a specific future use. The City uses the following restrictions:

Restricted for Capital Projects – Created to segregate monies received from federal, state, or local sources that restrict use for specific capital projects. These are accounted for in the 2008 SPLOST Fund, the 2014 SPLOST Debt Service Fund, and the 2014 SPLOST Capital Projects Fund.

Restricted for Debt Service – Created as a result of a debt covenant related to the 2011 GEFA note payable. City must maintain an amount equal to the principal balance in a bank account separate from all other City funds.

Restricted for Law Enforcement – Created to segregate monies received from sale or seizure of assets acquired through confiscations or through administrative fees charged to the General Fund for law enforcement operations. These are accounted for in the Police Fund and the Information Technology Fund.

Note 9. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has commercial insurance policies that address general liability and workers' compensation coverage. During the past three years, the costs of any settlements have not exceeded insurance coverage.

Note 10. Other Information

Vacation Leave, Sick Leave, and Comp Time

Employees are granted vacation, sick leave, and comp time in varying amounts. Vacation benefits accrued are based on an employee's length of time with the City. Employees are allowed to carry up to one work week (40 Hours) of unused vacation time over at the end of the year. Under certain circumstances, with management approval, employees can carry over amounts in excess of the one week threshold. Sick leave is accumulated at one day for every month of service. An employee can carry unlimited days forward but does not receive payment for unused sick leave upon separation from the City. City employees can also accrue "comp time", which is time accumulated for work performed in excess of the regular work week that has not been paid. These amounts are not limited because they are amounts owed for actual work performed.

Note 11. Post-Employment Benefit Plans

In March of 2008 the City began offering its employees the option of enrolling in a 457(b) deferred compensation plan administered by The Variable Annuity Life Insurance Company, which is a subsidiary of American International Group, Inc. The plan allows participating employees to select from a diversified range of investment options and make weekly pre-tax contributions based on the participant's enrollment selection. The City does not offer a matching contribution for this plan. As of December 31, 2018, there were 12 employees participating in the plan.

The City of Euharlee also utilizes a defined contribution plan. The City contributes 4% of each employee's salary into a 401(k) plan that is also administered by The Variable Annuity Life Insurance Company. As of December 31, 2018, the City's total contributions to the plan was \$25,809. City Council authorizes the provisions, requirements, and any amendments to the plan.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

Note 12. Joint Venture

The City of Euharlee is a member of the Northwest Georgia Regional Commission (NGRC). The NGRC was created under the laws of the State of Georgia and cities and counties in the area served by the NGRC are required to be members. The membership of the NGRC includes 10 counties and 35 municipalities. Bartow County pays annual membership dues on behalf of the City. The City has no equity interest in the NGRC, nor does the City materially contribute to the continued existence of the NGRC. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the NGRC ceases operation, the members can be assessed for any debt or obligation of the NGRC. Separate financial statements may be obtained from: North Georgia Regional Commission, P. O. Box 1793, Rome, Georgia 30162.

Note 13. Contingencies

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

Note 14. Special Purpose Local Option Sales Tax

In 2007, Bartow County voters passed a referendum on the question of "yes/no" shall a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed 24 calendar quarters. Actual collection of the tax began January 1, 2008. The City of Euharlee's distributive share of the revenue was projected to be \$7,200,000 and used for the acquisition of land for, and construction of, a park and recreational complex, preservation and renovation of the City's historical buildings, and repair and improvements to the City's roads and streets.

In November 2011, Bartow County voters passed a referendum on the question of "yes/no" shall a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed 24 calendar quarters. Actual collection of the tax began January 1, 2014. The City of Euharlee's distributive share of the revenue was projected to be \$7,950,250 and used for public works improvements, water and sewer projects, recreation projects, historic preservation, and economic development projects.

Note 15. Construction Commitments

As of December 31, 2018, the City was not obligated under any construction commitments.

Note 16. Other Post-Employment Benefits

The City does not offer any post-employment benefits other than the deferred compensation plans described in Note 10.

CITY OF EUHARLEE, GEORGIA
Notes to the Financial Statements
December 31, 2018

Note 17. Prior Period Adjustment

An adjustment to the beginning fund balance in the General Fund and beginning net position in the governmental activities was made to correctly account for franchise tax revenue earned in the prior period. This adjustment increased beginning fund balance and net position by \$114,705.

INDIVIDUAL AND COMBINING FUND STATEMENTS AND SCHEDULES



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CITY OF EUHARLEE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
2008 SPLOST Debt Service Fund - Budget and Actual
From Inception and for the Year Ended December 31, 2018

	<u>Actual</u>			<u>Project Authorization</u>
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues				
Intergovernmental	\$ 4,315,393	\$ -	\$ 4,315,393	\$ 7,200,000
Interest Income	13,656	-	13,656	-
Total Revenues	<u>4,329,049</u>	<u>-</u>	<u>4,329,049</u>	<u>7,200,000</u>
Expenditures				
Current				
General Government	88,201	-	88,201	-
Public Works	22,867	-	22,867	22,867
Culture and Recreation	232	-	232	232
Capital Outlays				
Public Safety	-	-	-	730,000
Public Works	96,061	-	96,061	2,462,133
Culture and Recreation	370,091	-	370,091	584,768
Debt Service				
Principal	3,514,109	19,003	3,533,112	3,500,000
Interest	423,413	1,023	424,436	-
Total Expenditures	<u>4,514,974</u>	<u>20,026</u>	<u>4,535,000</u>	<u>7,300,000</u>
Deficiency of Revenues Under Expenditures	<u>(185,925)</u>	<u>(20,026)</u>	<u>(205,951)</u>	<u>-</u>
Other Financing Sources				
Transfers In	114,639	-	114,639	-
Transfers Out	(57,188)	-	(57,188)	-
Proceeds From Note Issuance	180,000	-	180,000	-
Total Other Financing Sources	<u>237,451</u>	<u>-</u>	<u>237,451</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 51,526</u>	<u>(20,026)</u>	<u>\$ 31,500</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>51,526</u>		
Fund Balance - End of Year		<u>\$ 31,500</u>		

CITY OF EUHARLEE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
2014 SPLOST Debt Service Fund - Budget and Actual
From Inception and for the Year Ended December 31, 2018

	<u>Actual</u>			Project Authorization
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues				
Intergovernmental	\$ 2,514,670	\$ 707,645	\$ 3,222,315	\$ 7,950,250
Interest Income	11,615	1,868	13,483	-
Total Revenues	<u>2,526,285</u>	<u>709,513</u>	<u>3,235,798</u>	<u>7,950,250</u>
Expenditures				
Capital Outlays				
Public Works	-	-	-	2,400,000
Culture and Recreation	-	-	-	4,766,900
Debt Service				
Principal	1,797,747	585,001	2,382,748	666,422
Interest	199,360	26,142	225,502	116,928
Total Expenditures	<u>1,997,107</u>	<u>611,143</u>	<u>2,608,250</u>	<u>7,950,250</u>
Excess of Revenues Over Expenditures	<u>529,178</u>	<u>98,370</u>	<u>627,548</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 529,178</u>	<u>98,370</u>	<u>\$ 627,548</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>467,610</u>		
Fund Balance - End of Year		<u>\$ 565,980</u>		

CITY OF EUHARLEE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
2014 SPLOST Capital Projects Fund - Budget and Actual
From Inception and for the Year Ended December 31, 2018

	<u>Actual</u>			Project Authorization
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues				
Intergovernmental	\$ 25,000	\$ -	\$ 25,000	\$ -
Interest Income	9,519	1,276	10,795	-
Total Revenues	<u>34,519</u>	<u>1,276</u>	<u>35,795</u>	<u>-</u>
Expenditures				
Current				
Culture and Recreation	13,500	-	13,500	13,500
Capital Outlays				
Public Works	13,181	-	13,181	200,410
Culture and Recreation	2,703,883	-	2,703,883	3,286,090
Total Expenditures	<u>2,730,564</u>	<u>-</u>	<u>2,730,564</u>	<u>3,500,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,696,045)</u>	<u>1,276</u>	<u>(2,694,769)</u>	<u>(3,500,000)</u>
Other Financing Sources (Uses)				
Transfer In	88	-	88	99,917
Proceeds From Bond Issuance	3,500,000	-	3,500,000	3,500,000
Issuance Cost	(99,917)	-	(99,917)	(99,917)
Total Other Financing Sources	<u>3,400,171</u>	<u>-</u>	<u>3,400,171</u>	<u>3,500,000</u>
Net Change in Fund Balance	<u>\$ 704,126</u>	1,276	<u>\$ 705,402</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>704,126</u>		
Fund Balance - End of Year		<u>\$ 705,402</u>		

CITY OF EUHARLEE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Nonmajor Special Revenue Funds		Total Nonmajor Governmental Funds
	Police Fund	Information Technology Fund	
Assets			
Cash	\$ 42,192	\$ 9,225	\$ 51,417
Total Assets	42,192	9,225	51,417
 Fund Balances			
Restricted For			
Law Enforcement	42,192	9,225	51,417
Total Fund Balances	42,192	9,225	51,417
Total Fund Balances	\$ 42,192	\$ 9,225	\$ 51,417

CITY OF EUHARLEE, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds		Total Nonmajor Governmental Funds
	Police Fund	Information Technology Fund	
Revenues			
Charges For Services	\$ 4,567	\$ 8,669	\$ 13,236
Miscellaneous	48,048	-	48,048
Interest Income	-	39	39
Total Revenues	<u>52,615</u>	<u>8,708</u>	<u>61,323</u>
Expenditures			
Current			
Police	1,838	23,455	25,293
Capital Outlay			
Police	50,285	-	50,285
Debt Service			
Principle	<u>17,868</u>	-	<u>17,868</u>
Total Expenditures	<u>69,991</u>	<u>23,455</u>	<u>93,446</u>
Other Financing Sources			
Lease Proceeds	<u>50,285</u>	-	<u>50,285</u>
Total Other Financing Sources	<u>50,285</u>	-	<u>50,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,909</u>	<u>(14,747)</u>	<u>18,162</u>
Net Change in Fund Balance	32,909	(14,747)	18,162
Fund Balance - Beginning of Year	<u>9,283</u>	<u>23,972</u>	<u>33,255</u>
Fund Balance - End of Year	<u>\$ 42,192</u>	<u>\$ 9,225</u>	<u>\$ 51,417</u>

CITY OF EUHARLEE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
Police Fund Special Revenue Fund - Budget and Actual
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges For Services	\$ 7,100	\$ 7,100	\$ 4,567	\$ (2,533)
Miscellaneous	-	-	48,048	48,048
Total Revenues	<u>7,100</u>	<u>7,100</u>	<u>52,615</u>	<u>45,515</u>
Expenditures				
Current				
Police	1,838	1,838	1,838	-
Capital Outlay				
Police	5,262	5,262	50,285	(45,023)
Debt Service				
Principal	-	-	17,868	(17,868)
Total Expenditures	<u>1,838</u>	<u>1,838</u>	<u>69,991</u>	<u>(62,891)</u>
Deficiency of Revenues Under Expenditures	<u>5,262</u>	<u>5,262</u>	<u>(17,376)</u>	<u>(17,376)</u>
Other Financing Sources (Uses)				
Lease Proceeds	-	-	50,285	(50,285)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>50,285</u>	<u>(50,285)</u>
Deficiency of Revenues Under Expenditures	<u>5,262</u>	<u>5,262</u>	<u>32,909</u>	<u>27,647</u>
Net Change in Fund Balance	<u>\$ 5,262</u>	<u>\$ 5,262</u>	32,909	<u>\$ 27,647</u>
Fund Balance - Beginning of Year			<u>9,283</u>	
Fund Balance - End of Year			<u>\$ 42,192</u>	

CITY OF EUHARLEE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
Information Technology Special Revenue Fund - Budget and Actual
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 16,824	\$ 16,824	\$ 8,669	\$ (8,155)
Interest Income	-	-	39	39
Total Revenues	<u>16,824</u>	<u>16,824</u>	<u>8,708</u>	<u>(8,116)</u>
Expenditures				
Current				
Police	<u>16,824</u>	<u>16,824</u>	<u>23,455</u>	<u>(6,631)</u>
Total Expenditures	<u>16,824</u>	<u>16,824</u>	<u>23,455</u>	<u>(6,631)</u>
Deficiency of Revenues Under Expenditures	-	-	<u>(14,747)</u>	<u>(14,747)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(14,747)</u>	<u>\$ (14,747)</u>
Fund Balance - Beginning of Year			<u>23,972</u>	
Fund Balance - End of Year			<u>\$ 9,225</u>	

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COMPLIANCE SECTION



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

The Honorable Mayor and City Council
City of Euharlee, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Euharlee, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Euharlee, Georgia's basic financial statements, and have issued our report thereon dated June 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Euharlee, 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 Euharlee, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Euharlee, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Euharlee, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williamson and Company
Certified Public Accountants
June 21, 2019

CITY OF EUHARLEE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
Year Ended December 31, 2018

Project Description	Estimated Costs		Expenditures		
	Original	Current	Prior Years	Current Year ⁽³⁾	Total
2008 SPLOST					
Land for Park and Recreation Complex	\$ 200,000	\$ 200,000	\$ 336,380	\$ -	\$ 336,380
Construction of Park and Recreation Complex	2,785,000	2,785,000	3,479,206	-	3,479,206
Street Repair and Improvements; Installation of Sidewalks	2,985,000	2,985,000	167,166	-	167,166
Capital Expenditures for the Emergency Mitigation and Training Facility	400,000	400,000	7,682	-	7,682
Land Acquisition for County Public Safety Facility ⁽¹⁾	330,000	330,000	75,600	-	75,600
Historical Building Renovation	500,000	500,000	153,199	-	153,199
Construction of New Library	-	-	6,041	-	6,041
SPLOST Administrative Expenses	-	-	3,601	-	3,601
Total 2008 SPLOST Expenditures	<u>\$ 7,200,000</u>	<u>\$ 7,200,000</u>	<u>\$ 4,228,875</u>	<u>\$ -</u>	<u>\$ 4,228,875</u>

⁽¹⁾ Per the intergovernmental agreement, the City contributed funds to Bartow County for a land purchased for a public safety facility.

Project Description	Estimated Costs		Expenditures		
	Original	Current	Prior Years	Current Year ⁽³⁾	Total
2014 SPLOST⁽²⁾					
Public Works; Water and Sewer Projects	\$ 2,400,000	\$ 2,400,000	\$ 26,681	\$ -	\$ 26,681
Recreation, Historic Preservation, and Economic Development	<u>5,550,250</u>	<u>5,550,250</u>	<u>2,526,049</u>	<u>-</u>	<u>2,526,049</u>
Total 2014 SPLOST Expenditures	<u>\$ 7,950,250</u>	<u>\$ 7,950,250</u>	<u>\$ 2,552,730</u>	<u>\$ -</u>	<u>\$ 2,552,730</u>

⁽²⁾ Collections of this referendum did not begin until 2014. These projects were funded in advance by the proceeds of the 2013 bond issue. The bonds are to be repaid with the proceeds collected by this referendum.

⁽³⁾ Cumulative current year expenditures on both schedules are different from cumulative expenditures on pages 8, 25, and 26 because debt service payments made with SPLOST funds are not reflected in this schedule. Instead the actual costs of projects advance funded with bond proceeds are presented.

This SPLOST Schedule is prepared on the modified accrual basis of accounting.