CITY OF ASHBURN, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

CITY OF ASHBURN, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Ashburn, Georgia
Ashburn, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Ashburn, Georgia** (the "City"), as of and for the year ended June 30, 2020, 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 of 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 principles 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance 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 the Schedule of Changes in the City's Net Pension Liability and Related Ratios on page 47 and the Schedule of City Contributions on page 48 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the 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's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds 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 nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds 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 April 26, 2021, on our consideration of the City'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'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 Ashburn, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
April 26, 2021

CITY OF ASHBURN, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 1,280,584	$ 734,267	$ 2,014,851	$ 72,388
Investments	-	606,221	606,221	-
Taxes receivable	77,978	-	77,978	-
Accounts receivable, net of allowances	60,865	225,359	286,224	-
Due from other governments	88,126	-	88,126	1,709
Internal balances	(74,875)	74,875	-	-
Inventories	-	125,278	125,278	-
Prepaid expenses	14,658	10,782	25,440	
Restricted assets:				
Cash and cash equivalents	-	644,873	644,873	-
Note receivable	-	-	-	43,000
Capital assets:				
Nondepreciable	290,283	24,600	314,883	46,956
Depreciable, net of accumulated depreciation	3,063,942	8,574,481	11,638,423	21,677
Total assets	4,801,561	11,020,736	15,822,297	185,730
DEFERRED OUTFLOWS OF RESOURCES				
Pension	162,377	35,644	198,021	-
LIABILITIES				
Accounts payable	85,711	2,478	88,189	-
Accrued liabilities	25,004	75,291	100,295	-
Unearned revenues	58,662	-	58,662	-
Customer deposits	-	155,290	155,290	-
Compensated absences	53,620	9,178	62,798	-
Capital leases due within one year	175,096	83,571	258,667	-
Capital leases due in more than one year	810,986	258,495	1,069,481	-
Note payable due within one year	-	73,789	73,789	1,021
Note payable due in more than one year	-	1,296,631	1,296,631	40,815
Bonds payable due within one year	-	230,000	230,000	-
Bonds payable due in more than one year	-	3,436,005	3,436,005	-
Net pension liability	344,254	75,567	419,821	-
Total liabilities	1,553,333	5,696,295	7,249,628	41,836
DEFERRED INFLOWS OF RESOURCES				
Pension	80,352	17,638	97,990	-
NET POSITION				
Net investment in capital assets	2,368,143	3,220,590	5,588,733	68,633
Restricted				
Cemetery maintenance	5,088	-	5,088	-
State nutrition program	1,930	-	1,930	-
Promotion of tourism	12,132	-	12,132	-
Law enforcement purposes	1,152	-	1,152	-
Capital projects	541,133	-	541,133	-
Unrestricted	400,675	2,121,857	2,522,532	75,261
Total net position	$ 3,330,253	$ 5,342,447	$ 8,672,700	$ 143,894

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

CITY OF ASHBURN, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Total	Component Unit: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 383,569	$ 1,122,899	$ -	$ 73,337	$ 812,667	$ -	$ 812,667	$ -
Public works	1,765,594	-	-	125,794	(1,639,800)	-	(1,639,800)	-
Public safety	2,267,168	987,150	-	-	(1,280,018)	-	(1,280,018)	-
Community development	66,274	-	-	-	(66,274)	-	(66,274)	-
Health and welfare	81,298	-	-	-	(81,298)	-	(81,298)	-
Culture and recreation	15,844	-	-	-	(15,844)	-	(15,844)	-
Interest on long-term debt	19,635	-	-	-	(19,635)	-	(19,635)	-
Total governmental activities	4,599,382	2,110,049	-	199,131	(2,290,202)	-	(2,290,202)	-
Business-type activities:								
Water and sewer	1,448,082	1,556,792	-	-	-	108,710	108,710	-
Natural gas	707,384	1,075,407	-	15,500	-	383,523	383,523	-
Total business-type activities	2,155,466	2,632,199	-	15,500	-	492,233	492,233	-
Total primary government	$ 6,754,848	$ 4,742,248	$ -	$ 214,631	(2,290,202)	492,233	(1,797,969)	-
Component unit:								
Downtown Development Authority	$ 13,321	$ -	$ 13,079	$ -	-	-	-	(242)
Total component unit	$ 13,321	$ -	$ 13,079	$ -	-	-	-	(242)
General revenues:								
Property taxes					632,938	-	632,938	-
Sales taxes					557,588	-	557,588	-
Alcoholic beverage taxes					80,229	-	80,229	-
Franchise taxes					254,704	-	254,704	-
Hotel taxes					71,220	-	71,220	-
Other taxes					325,486	-	325,486	-
Unrestricted investment earnings					5,115	6,037	11,152	-
Transfers					100,000	(100,000)	-	-
Total general revenues and transfers					2,027,280	(93,963)	1,933,317	-
Change in net position					(262,922)	398,270	135,348	(242)
Net position, beginning of year, as restated					3,593,175	4,944,177	8,537,352	144,136
Net position, end of year					$ 3,330,253	$ 5,342,447	$ 8,672,700	$ 143,894

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

CITY OF ASHBURN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 781,561	$ 499,023	$ 1,280,584
Taxes receivable	68,863	9,115	77,978
Accounts receivable	60,865	-	60,865
Due from other governments	23,163	64,963	88,126
Prepaid expenditures	14,658	-	14,658
Total assets	$ 949,110	$ 573,101	$ 1,522,211
LIABILITIES			
Accounts payable	$ 74,076	$ 11,635	$ 85,711
Accrued liabilities	24,973	31	25,004
Due to other funds	74,875	-	74,875
Total liabilities	173,924	11,666	185,590
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	58,662	-	58,662
Total deferred inflows of resources	58,662	-	58,662
FUND BALANCES			
Fund balances:			
Nonspendable:			
Prepaid expenditures	14,658	-	14,658
Restricted for:			
Cemetery maintenance	-	5,088	5,088
State nutrition program	-	1,930	1,930
Promotion of tourism	-	12,132	12,132
Law enforcement purposes	-	1,152	1,152
Capital projects	-	541,133	541,133
Unassigned	701,866	-	701,866
Total fund balances	716,524	561,435	1,277,959
Total liabilities, deferred inflows of resources, and fund balances	$ 949,110	$ 573,101	

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.	3,354,225
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of contributions made subsequent to the measurement date, differences between projected and actual earnings on plan investments, and experience differences.	162,377
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,383,956)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related assumption changes and experience differences.	(80,352)
Net position of governmental activities	$ 3,330,253

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

CITY OF ASHBURN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 1,532,318	$ 71,220	$ 1,603,538
Licenses and permits	36,065	-	36,065
Intergovernmental	-	517,758	517,758
Charges for services	748,517	-	748,517
Fines and forfeitures	987,150	-	987,150
Interest and penalties	5,113	2	5,115
Other revenues	338,317	-	338,317
Total revenues	3,647,480	588,980	4,236,460
Expenditures			
Current:			
General government	606,530	-	606,530
Public works	1,414,883	-	1,414,883
Public safety	2,302,072	740	2,302,812
Community development	13,378	52,896	66,274
Health and welfare	26,000	55,298	81,298
Debt service:			
Principal retirement	-	151,178	151,178
Interest and fiscal charges	-	19,635	19,635
Capital outlay	-	162,584	162,584
Total expenditures	4,362,863	442,331	4,805,194
Excess (deficiency) of revenues over (under) expenditures	(715,383)	146,649	(568,734)
Other financing sources (uses):			
Issuance of capital leases	911,826	-	911,826
Transfers in	121,583	15,092	136,675
Transfers out	-	(36,675)	(36,675)
Total other financing sources (uses), net	1,033,409	(21,583)	1,011,826
Net change in fund balances	318,026	125,066	443,092
Fund balances, beginning of year, as restated	398,498	436,369	834,867
Fund balances, end of year	$ 716,524	$ 561,435	$ 1,277,959

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

CITY OF ASHBURN, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	443,092
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays differed from depreciation in the current period.		48,361
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.		(760,648)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		6,273
	$	(262,922)

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

CITY OF ASHBURN, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes	$ 1,603,900	$ 1,603,900	$ 1,532,318	$ (71,582)
Licenses and permits	39,800	39,800	36,065	(3,735)
Charges for services	753,700	753,700	748,517	(5,183)
Fines and forfeitures	1,644,879	1,644,879	987,150	(657,729)
Interest and penalties	7,500	7,500	5,113	(2,387)
Other revenues	88,883	88,883	338,317	249,434
Total revenues	4,138,662	4,138,662	3,647,480	(491,182)
Expenditures				
Current:				
General government	626,300	626,300	606,530	19,770
Public works	1,182,689	1,182,689	1,414,883	(232,194)
Public safety:				
Police	1,731,818	1,731,818	1,716,966	14,852
Fire	466,900	466,900	460,158	6,742
E-911	124,950	124,950	124,948	2
Total public safety	2,323,668	2,323,668	2,302,072	21,596
Community development	21,500	21,500	13,378	8,122
Health and welfare	26,000	26,000	26,000	-
Total expenditures	4,180,157	4,180,157	4,362,863	(182,706)
Deficiency of revenues under expenditures	(41,495)	(41,495)	(715,383)	(673,888)
Other financing sources (uses)				
Transfers in	124,000	124,000	121,583	(2,417)
Issuance of capital leases	-	-	911,826	911,826
Total other financing sources, net	124,000	124,000	1,033,409	909,409
Net change in fund balances	82,505	82,505	318,026	235,521
Fund balance, beginning of year, as restated	398,498	398,498	398,498	-
Fund balance, end of year	$ 481,003	$ 481,003	$ 716,524	$ 235,521

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

CITY OF ASHBURN, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Water and Sewer	Natural Gas	Totals
CURRENT ASSETS			
Cash	$ 86,986	$ 647,281	$ 734,267
Investments	-	606,221	606,221
Accounts receivable (net of allowance for uncollectibles)	132,057	93,302	225,359
Due from other funds	-	74,875	74,875
Inventory	41,184	84,094	125,278
Prepaid expenses	5,797	4,985	10,782
Restricted assets:			
Cash	644,873	-	644,873
Total current assets	910,897	1,510,758	2,421,655
NON-CURRENT ASSETS			
Capital assets, at cost			
Land	15,850	8,750	24,600
Buildings	213,454	104,551	318,005
Infrastructure	10,797,867	981,059	11,778,926
Machinery and equipment	3,085,021	520,942	3,605,963
Furniture and fixtures	1,929	-	1,929
	14,114,121	1,615,302	15,729,423
Less accumulated depreciation	6,174,233	956,109	7,130,342
Total capital assets	7,939,888	659,193	8,599,081
Total non-current assets	7,939,888	659,193	8,599,081
Total assets	8,850,785	2,169,951	11,020,736
DEFERRED OUTFLOWS OF RESOURCES			
Pension	17,183	18,461	35,644
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	1,926	552	2,478
Accrued other expenses	62,992	12,299	75,291
Accrued vacation	2,517	6,661	9,178
Current portion of note payable	73,789	-	73,789
Current portion of lease payable	-	83,571	83,571
Customer deposits	120,630	34,660	155,290
Total	261,854	137,743	399,597
Payable from restricted assets:			
Current portion of revenue bonds	230,000	-	230,000
Total	230,000	-	230,000
Total current liabilities	491,854	137,743	629,597
NON-CURRENT LIABILITIES			
Net pension liability	36,559	39,008	75,567
Revenue bonds payable - non-current	3,436,005	-	3,436,005
Notes payable - non-current	1,296,631	-	1,296,631
Lease payable	-	258,495	258,495
Total non-current liabilities	4,769,195	297,503	5,066,698
Total liabilities	5,261,049	435,246	5,696,295
DEFERRED INFLOWS OF RESOURCES			
Pension	9,557	8,081	17,638
NET POSITION			
Investment in capital assets	2,903,463	317,127	3,220,590
Unrestricted	693,899	1,427,958	2,121,857
Total net position	$ 3,597,362	$ 1,745,085	$ 5,342,447

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

CITY OF ASHBURN, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Water and Sewer	Natural Gas	Totals
Operating revenues:			
Charges for services	$ 1,461,598	$ 1,075,407	$ 2,537,005
Miscellaneous income	95,194	-	95,194
Total operating revenues	1,556,792	1,075,407	2,632,199
Operating expenses:			
Natural gas purchases	-	268,028	268,028
Production	157,520	-	157,520
Distribution	284,886	403,967	688,853
Waste Management Services	586,237	-	586,237
Total operating expenses	1,028,643	671,995	1,700,638
Operating income before depreciation	528,149	403,412	931,561
Depreciation expense	270,626	23,230	293,856
Operating income	257,523	380,182	637,705
Non-operating revenues (expenses):			
Interest revenue	3,055	2,982	6,037
Interest expense and amortization	(148,813)	(12,159)	(160,972)
Total non-operating revenues (expenses)	(145,758)	(9,177)	(154,935)
Income before transfers and contributions	111,765	371,005	482,770
Capital contributions	-	15,500	15,500
Transfers out	-	(100,000)	(100,000)
Change in net position	111,765	286,505	398,270
Net position, beginning of year, as restated	3,485,597	1,458,580	4,944,177
Net position, end of year	$ 3,597,362	$ 1,745,085	$ 5,342,447

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

CITY OF ASHBURN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Water and Sewer	Natural Gas	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers, including deposits	$ 1,568,654	$ 1,079,110	$ 2,647,764
Cash payments to:			
Suppliers and vendors	(951,498)	(651,646)	(1,603,144)
Employees	(159,556)	(251,851)	(411,407)
Net cash provided by operating activities	457,600	175,613	633,213
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(100,000)	(100,000)
Net cash used in non-capital financing activities	-	(100,000)	(100,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Retirement of bonds	(226,616)	-	(226,616)
Interest paid	(151,513)	(12,159)	(163,672)
Purchase of capital assets	(14,130)	-	(14,130)
Principal payments on capital leases	-	(80,789)	(80,789)
Principal payments on notes payable	(72,141)	-	(72,141)
Net cash used in capital and related financing activities	(464,400)	(92,948)	(557,348)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(8,948)	(8,948)
Interest received	3,055	2,982	6,037
Net cash provided by (used in) investing activities	3,055	(5,966)	(2,911)
Net increase in cash	(3,745)	(23,301)	(27,046)
Cash and cash equivalents, July 1	681,323	604,971	1,286,294
Cash and cash equivalents, June 30	$ 677,578	$ 581,670	$ 1,259,248
Classified as:			
Cash	$ 86,986	$ 647,281	$ 734,267
Restricted assets:			
Cash	644,873	-	644,873
	$ 731,859	$ 647,281	$ 1,379,140

(Continued)

CITY OF ASHBURN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Water and Sewer	Natural Gas	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 257,523	$ 380,182	$ 637,705
Depreciation	270,626	23,230	293,856
Changes in assets and liabilities:			
Decrease in accounts receivable	11,862	4,483	16,345
Increase in due from other funds	-	(74,875)	(74,875)
Increase in inventory	(24,014)	(84,094)	(108,108)
Increase in prepaid expenses	(234)	680	446
Increase in deferred outflows of resources	(5,115)	(6,393)	(11,508)
Decrease in vouchers payable	(5,489)	(8,720)	(14,209)
Increase (decrease) in customer deposits	24,200	(780)	23,420
Increase (decrease) in accrued expenses	(811)	2,006	1,195
Decrease in other liabilities	(74,838)	(64,969)	(139,807)
Increase in net pension liability	9,796	12,245	22,041
Decrease in deferred inflows of resources	(5,906)	(7,382)	(13,288)
Net cash provided by operating activities	$ 457,600	$ 175,613	$ 633,213
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital contributions	$ -	$ 15,500	$ 15,500
Net noncash investing, capital, and financing activities	$ -	$ 15,500	$ 15,500

CITY OF ASHBURN, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2020

	Pending Fund
ASSETS	
Cash	$ 19,463
Total assets	$ 19,463
LIABILITIES	
Due to others	$ 19,463
Total liabilities	$ 19,463

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated on December 26, 1890, by an act of the General Assembly of Georgia. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, community development, culture-recreation, public improvements, codes and engineering, water and sewer, and natural gas.

The accompanying financial statements present the City and its component unit, entities for which the City is considered to be financially accountable. The 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 City.

The **Downtown Development Authority (the "Authority")** has been included as a discretely presented component unit in the accompanying financial statements. The Authority was established to encourage growth and development in downtown Ashburn. Its governing board is appointed by the City and has assumed financial responsibility for its operations. The Authority's financial data is discretely presented in these financial statements. The Authority does not issue stand-alone financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component unit. The statement of net position will include non-current assets which were previously reported in the General Capital Assets Account Group and non-current liabilities previously reported in the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 resource 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

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 City reports the following major proprietary funds:

The ***Water and Sewer Fund*** accounts for the operation, maintenance, and development of the City's water services.

The ***Natural Gas Fund*** accounts for the operation, maintenance, and development of the City's gas services.

The City also reports the following fund type:

The ***Special Revenue Funds*** account for specific revenues that are legally restricted to expenditures for particular purposes.

The A***gency Fund*** accounts for the collection and disbursement of monies by the City on behalf of the courts that the police have confiscated and do not have legal authority to spend.

The ***Capital Projects Fund*** accounts for monies collected from a special sales tax used for capital expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Annual appropriated budgets are adopted for the general, special revenue, and enterprise funds. Unencumbered annual appropriations lapse at fiscal year-end. The legal level of control for each legally adopted annual operating budget is at the department level. The City budgets the capital projects fund on a project basis with the term of the project being longer than the City's fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored in the subsequent year.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. State statutes authorize the primary government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under the Official Code of Georgia Annotated ("O.C.G.A.") § 36-83-8 and is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

G. Inventories and Prepaid Items

Inventories consist of expendable supplies and items acquired for infrastructure repair and maintenance or for possible future expansion. Inventories in governmental funds are stated at average cost. Proprietary funds' inventories are stated at lower of average cost or market. The consumption method is used to account for inventories. Under the consumption method, budgetary authority is slated and expenditures are recorded in terms of authority to use or consume inventory items. Reported inventories are equally offset by a fund balance reserve in the fund financial statements.

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both the government-wide and fund financial statements.

H. Restricted Assets

Proprietary funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are recorded at historical cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

The cost 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.

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

Assets	Years
Infrastructure	30
Buildings and improvements	50 – 100
Vehicles	2 – 15
Office equipment	3 – 15
Computer equipment	3 – 15
Fire equipment	10 – 35
Utility system addition	50 – 100

J. Compensated Absences

The liability for vested or accumulated unpaid vacation pay amounts has been accrued in the government-wide and proprietary fund statements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Accumulated sick pay benefits have not been recorded as a liability because the payment of the benefits is contingent upon future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year’s accumulation.

K. Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations (Continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. These items relate to the City's Retirement Plan and are reported in the government-wide and proprietary fund statements of net position. Contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and sales taxes, utilities, and miscellaneous items and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other items relate to the City's retirement plan and are reported in the government-wide and proprietary statements of net position. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The net difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Ashburn Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Fund Equity

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund Balance – (Continued)

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. The City has not adopted a policy giving specific parties the power to assign fund balance. The only assigned fund balances are those mandated by GASB pronouncements.

- ***Unassigned*** – Fund balances are reported as unassigned when balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Management Estimates

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

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

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Capital leases payable	$ (986,082)
Compensated absences	(53,620)
Net pension liability	(344,254)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (1,383,956)

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

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

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

Capital outlay	$	266,038
Depreciation expense		(217,677)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	48,361

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to government 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." The details of this difference are as follows:

Proceeds from debt - capital leases	$	(911,826)
Principal repayments		151,178
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(760,648)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	$	(6,276)
Pension expense		12,549
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	6,273

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to July 1, the City Manager submits to the Mayor and Council a proposed operating and capital improvements budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted through passage of a resolution.

4. All budget transfers must be approved by the City Manager and/or the Mayor and Council depending on the type and/or amount of expenditure.

5. Budgets for the General, Enterprise, and Special Revenue Funds are adopted on a basis consistent with GAAP in the United States of America, and are presented in accordance with finance-related legal and contractual provisions.

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

6. For the year ended June 30, 2020, expenditures exceeded budgeted appropriations, as follows:

Fund or Department	Excess
General Fund:	
Public works	$ 232,194

These over-expenditures were funded by under-expenditures in other departments.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2020, are summarized as follows:

As reported in the Statement of Net Position:	
Primary government:	
Cash and cash equivalents	$ 2,014,851
Restricted cash and cash equivalents	644,873
Investments	606,221
Component unit:	
Cash and cash equivalents	72,388
As reported in the Statement of Fiduciary Net Position:	
Agency fund:	
Cash and cash equivalents	19,463
	$ 3,357,796
Cash deposited with financial institutions	$ 2,751,575
Cash deposited with Georgia Fund 1	606,221
	$ 3,357,796

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The local government investment pool, Georgia Fund 1, is operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, bankers' acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair value. As of June 30, 2020, the investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

At June 30, 2020, the City had the following investments:

Investments	Maturities	Fair Value
Georgia Fund 1	38-day weighted average	$ 606,221

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2020, the City did not have any balances exposed to custodial credit risk as uninsured and uncollateralized.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. Additionally, certificates of deposit are not subject to the fair value level disclosures. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

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

NOTE 5. RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1. Assessed values are 40% of market value and are based on current property value. The property tax levy date is September 15, 2019. The City Clerk opened the books for payment of taxes on October 20, 2019 and they remained open until December 20, 2019. The City bills and collects its own property taxes based on the Turner County tax valuation in the tax digest approved by the State of Georgia. Collections of property taxes are made throughout the year, with the majority being collected in December. City property tax revenues are recognized when levied to the extent that they result in current receivables.

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes levied for the year ended June 30, 2020, are recorded as receivables, net of estimated uncollectibles. In the governmental funds, the net receivables collected during the year ended June 30, 2020, and expected to be collected by August 31, 2020, are recognized as revenues for the year ended June 30, 2020, whereas, net receivables estimated to be collectible subsequent to August 31, 2020, are recorded as revenue when received. Receivables at June 30, 2020, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Natural Gas	Nonmajor Governmental Funds
Receivables:				
Taxes	$ 76,750	$ -	$ -	$ 9,115
Accounts	60,865	134,857	95,302	-
Due from other governments	23,163	-	-	64,963
Gross receivables	160,778	134,857	95,302	74,078
Less allowance for uncollectibles	(7,887)	(2,800)	(2,000)	-
Net total receivables	$ 152,891	$ 132,057	$ 93,302	$ 74,078

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, is as follows:

Primary Government

	Restated Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 237,366	$ -	$ -	$ -	$ 237,366
Construction in progress	-	52,917	-	-	52,917
Total	237,366	52,917	-	-	290,283
Capital assets, being depreciated:					
Buildings	1,743,605	-	-	-	1,743,605
Infrastructure	1,166,813	-	-	-	1,166,813
Machinery and equipment	1,332,717	9,725	-	-	1,342,442
Vehicles	1,597,811	203,396	-	-	1,801,207
Total	5,840,946	213,121	-	-	6,054,067
Less accumulated depreciation for:					
Buildings	365,792	27,101	-	-	392,893
Infrastructure	364,858	23,109	-	-	387,967
Machinery and equipment	790,003	27,253	-	-	817,256
Vehicles	1,251,795	140,214	-	-	1,392,009
Total	2,772,448	217,677	-	-	2,990,125
Total capital assets, being depreciated, net	3,068,498	(4,556)	-	-	3,063,942
Governmental activities capital assets, net	$ 3,305,864	$ 48,361	$ -	$ -	$ 3,354,225

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	Restated Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 24,600	$ -	$ -	$ -	$ 24,600
Total	24,600	-	-	-	24,600
Capital assets, being depreciated:					
Buildings	318,005	-	-	-	318,005
Improvements other than buildings	11,778,926	-	-	-	11,778,926
Machinery and equipment	3,576,332	29,631	-	-	3,605,963
Furniture and fixtures	1,929	-	-	-	1,929
Total	15,675,192	29,631	-	-	15,704,823
Less accumulated depreciation for:					
Buildings	233,131	4,633	-	-	237,764
Improvements other than buildings	4,823,970	232,218	-	-	5,056,188
Machinery and equipment	1,777,456	57,005	-	-	1,834,461
Furniture and fixtures	1,929	-	-	-	1,929
Total	6,836,486	293,856	-	-	7,130,342
Total capital assets, being depreciated, net	8,838,706	(264,225)	-	-	8,574,481
Business-type activities capital assets, net	$ 8,863,306	$ (264,225)	$ -	$ -	$ 8,599,081

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

Governmental activities:	
General government	$ 9,315
Public safety	119,352
Public works	73,166
Culture and recreation	15,844
Total depreciation expense - governmental activities	$ 217,677
Business-type activities:	
Water and sewer	$ 270,626
Natural gas	23,230
Total depreciation expense - business-type activities	$ 293,856

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit

Downtown Development Authority

	Restated Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 46,956	$ -	$ -	$ -	$ 46,956
Total	46,956	-	-	-	46,956
Capital assets, being depreciated:					
Buildings	29,900	-	-	-	29,900
Total	29,900	-	-	-	29,900
Less accumulated depreciation for:					
Buildings	7,475	748	-	-	8,223
Total	7,475	748	-	-	8,223
Total capital assets, being depreciated, net	22,425	(748)	-	-	21,677
Downtown Development Authority capital assets, net	$ 69,381	$ (748)	$ -	$ -	$ 68,633

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 225,434	$ 911,826	$ 151,178	$ 986,082	$ 175,096
Compensated absences	47,344	92,438	86,162	53,620	53,620
Net pension liability	243,843	222,213	121,802	344,254	-
Governmental activity Long-term liabilities	$ 516,621	$ 1,226,477	$ 359,142	$ 1,383,956	$ 228,716
Business-type activities:					
Capital leases	$ 422,855	$ -	$ 80,789	$ 342,066	$ 83,571
Revenue Bonds	3,870,000	-	225,000	3,645,000	230,000
Add deferred amounts					
Unamortized premiums	22,621		1,616	21,005	-
Notes payable	1,442,561	-	72,141	1,370,420	73,789
Compensated absences	6,351	8,835	6,008	9,178	9,178
Net pension liability	53,526	48,778	26,737	75,567	-
Business-type activity Long-term liabilities	$ 5,817,914	$ 57,613	$ 412,291	$ 5,463,236	$ 396,538

For the governmental activities, capital leases, compensated absences, and net pension liability are generally liquidated by the General Fund.

For the business-type activities, compensated absences and net pension liability are generally liquidated by the respective proprietary funds.

Capital Leases – Equipment. The City has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions.

NOTE 7. LONG-TERM DEBT (CONTINUED)

The following is an analysis of leased assets under capital leases as of June 30, 2020:

	Governmental Activities	Business-Type Activities
Machinery and equipment	$ 473,726	$ 584,620
Less: Accumulated depreciation	(211,097)	(35,077)
	$ 262,629	$ 549,543

Depreciation expense for the year ended June 30, 2020, for assets under capital lease is $86,925 and $11,692 for governmental activities and business-type activities, respectively.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the future minimum lease payments at June 30, 2020:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities
2021	$ 199,481	$ 93,172
2022	143,452	93,172
2023	127,165	93,172
2024	115,532	84,586
2025	97,151	-
Thereafter through 2030	417,193	-
Total minimum lease payments	1,099,974	364,102
Less amount representing interest	113,892	22,036
Present value of future minimum lease payments	$ 986,082	$ 342,066

Notes Payable. The City has incurred debt to the Georgia Environmental Finance Authority (“GEFA”) for various water and sewer system projects. This note is as follows at June 30, 2020:

Original Amount	Interest Rate	Term	Outstanding Amount
$ 542,705	3.31%	20 years	$ 468,068
1,136,000	1.82%	20 years	902,352
			$ 1,370,420

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to pay the outstanding note are as follows:

Fiscal Year Ending June 30,	Principal
2021	$ 73,789
2022	75,479
2023	77,210
2024	78,983
2025	80,806
2026 – 2030	432,971
2031 – 2035	485,906
Thereafter through 2037	65,276
Total	$ 1,370,420

Revenue Bonds

Revenue bonds outstanding at June 30, 2020, are as follows:

Series	Purpose	Interest Rate	Term	Due Date	Original Amount	Balance at June 30, 2020
2012 Series	Provide Funds to City to Retire Water/Sewer Debts	3.50%	20 years	July 2032	5,085,000	$ 3,645,000
						$ 3,645,000

During the year ended June 30, 2012, Combined Utility Revenue Bonds Series 2012 were issued to pay off the Water and Sewer Fund loan payable to the GEFA. The Revenue Bonds will fund a project for the City to produce electrical power through solar energy sufficient to provide energy for the operation of certain facilities of the City's water department.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Total Amount of Bonds Payable		
	Principal	Interest	Total
2021	$ 230,000	$ 115,594	$ 345,594
2022	240,000	108,544	348,544
2023	245,000	101,269	346,269
2024	255,000	93,769	348,769
2025	260,000	86,044	346,044
2026 – 2030	1,430,000	298,430	1,728,430
2031 – 2033	985,000	52,588	1,037,588
	$ 3,645,000	$ 856,238	$ 4,501,238

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City's interfund receivables and payables at June 30, 2020 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The composition of interfund balances as of June 30, 2020, is as follows:

	Payable Fund	
	General Fund	Total
Receivable Fund:		
Natural Gas Fund	$ 74,875	$ 74,875
Total	$ 74,875	$ 74,875

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers recorded and transacted during the year ended June 30, 2020, are as follows:

	Transfers Out		
Transfers In	Natural Gas Fund	Nonmajor Governmental Funds	Total
General Fund	$ 100,000	$ 21,583	$ 121,583
Nonmajor Governmental Funds	-	15,092	15,092
Total	$ 100,000	$ 36,675	$ 136,675

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. PENSION PLAN

A. Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan, The City of Ashburn Retirement Plan, the ("Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association ("GMA"). The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

NOTE 9. PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

Plan Membership. As of January 1, 2020, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	36
Inactive plan members entitled to, but not receiving benefits	25
Active plan members	48
Total	109

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. City contributions to the Plan were $92,937 for the year ended June 30, 2020.

B. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

Actuarial Assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Domestic fixed income	20%	1.96
Real estate	10%	4.76
Global fixed income	5%	3.06
Cash	- %	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

Discount Rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance As Restated	$ 2,868,495	$ 2,571,125	$ 297,370
Changes for the year:			
Service cost	47,472	-	47,472
Interest	209,443	-	209,443
Differences between expected and actual experience	(88,471)	-	(88,471)
Contributions - employer	-	96,024	(96,024)
Net investment income	-	70,324	(70,324)
Benefit payments, including refunds of employee contributions	(246,776)	(246,776)	-
Administrative expense	-	(14,076)	14,076
Other changes	106,279	-	106,279
Net changes	27,947	(94,504)	122,451
Ending Balance	$ 2,896,442	$ 2,476,621	$ 419,821

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 717,914	$ 419,821	$ 169,438

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2019, and the current sharing pattern of costs between employer and employee.

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of $77,631. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 23,846
Differences between expected and actual experience	7,594	74,144
Changes in actuarial assumptions	97,490	-
City contributions subsequent to the measurement date	92,937	-
Total	$ 198,021	$ 97,990

City contributions subsequent to the measurement date of $92,937 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	$ (23,356)
2022	(8,343)
2023	15,527
2024	23,266
Total	$ 7,094

NOTE 10. DEFINED CONTRIBUTION PLAN

The City has a 401A defined contribution plan administered by the GMA. The City contributes $5.00 per week per employee. The total amount contributed by the City to the 401A defined contribution plan was $1,375. The employees contributed $3,023 to their 457B deferred compensation plan. The City has the sole authority of amending and changing the provisions of the plan.

NOTE 11. CONTINGENCIES

Grant Contingencies

The City participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At June 30, 2020, there were no known amounts questioned or earmarked for disallowance. Based upon prior experience, management of the City believes such disallowances, if any, will not have a material effect on any individual governmental fund or the overall financial position of the City.

Litigation

As is the ordinary course of city government, the City is the defendant in several lawsuits in the nature of civil violations, claims for damages to persons and property and other similar types of suits. Liability, if any, which might result from these proceedings, would not, in the opinion of the management and the City Council, have a material adverse effect on the financial position of the City.

NOTE 12. RISK MANAGEMENT

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

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

The City carries commercial insurance for other risks of losses such as general property and liability insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13. RELATED ORGANIZATIONS

The City's governing body is responsible for all of the board appointments of the Ashburn Housing Authority. However, the City has no further accountability for this organization. In the year ended June 30, 2020, the City did not provide any contributions to the Ashburn Housing Authority.

NOTE 14. JOINT VENTURES

Southern Georgia Regional Commission

Under Georgia Law, the City, in conjunction with other cities and counties in the ten-county south Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2020, the City paid $4,737 in such dues. Membership in the Commission is required by the O.C.G.A. §50-8-34 which provides for the organizational structure of Regional Commissions ("RCs") in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. § 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

NOTE 14. JOINT VENTURES

E-911 Services

The City entered into an agreement with Turner County, Georgia (the "County") to contract with the County for the provision of E-911 Services to the City by the County in consideration of payment by the City to the County for the salary of the dispatcher. In exchange for the provision of the E-911 Services, the City shall pay to the County the annual salaries including benefits for the dispatcher; provided that such dispatchers shall at times be employees of the County. Such annual salary and benefits shall be in the amount of $34,655 with the provision of an annual increase not to exceed the prevailing Consumer Price Index.

NOTE 15. HOTEL/MOTEL LODGING TAX

The City has committed 60% of the first 5% of the taxes collected to the Chamber of Commerce for the promotion of tourism. The City has also committed 50% of the remaining 3% of the taxes collected to the Authority. Revenues collected during the fiscal year ended June 30, 2020, were $71,220. Management represents that 100% of the lodging tax received during the year ended June 30, 2020, was used for the promotion of tourism, conventions, or trade shows.

NOTE 16. RESTATEMENT OF ERRORS IN PRIOR YEAR REPORTING

Government-Wide Level Restatements

The City has determined that a restatement to beginning net position of governmental activities was required as of June 30, 2019.

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Downtown Development Authority
Net position, as previously reported	$ 3,958,960	$ 4,136,907	$ 131,372
Adjustment to pension balances	(187,280)	(60,318)	-
Adjustment to accrued salaries and benefits	49,055	19,956	-
Adjustment to receivables	98,153	38,238	47,177
Adjustment to notes receivable	-	-	-
Adjustment to prepaid expenses	(15,820)	(11,949)	-
Adjustment to payables	(12,613)	36,740	-
Adjustment to capital assets	(99,773)	561,228	-
Adjustment to long-term obligations	(68,016)	7,253	(42,857)
Adjustment to inventory	(80,460)	(118,775)	-
Adjustment to cash	(31,862)	334,897	8,444
Adjustment related to prior period errors	(17,169)	-	-
Net position, as restated	$ 3,593,175	$ 4,944,177	$ 144,136

NOTE 16. RESTATEMENT OF ERRORS IN PRIOR YEAR REPOTING (CONTINUED)

Fund Level Restatements

The City has determined a restatement was required to the beginning fund balance for the General Fund, Nonmajor Funds, Water and Sewer Fund, and Gas Fund as of June 30, 2019.

	Governmental Funds		Enterprise Fund	
	Major Fund		Major Fund	
	General Fund	Nonmajor Funds	Water and Sewer Fund	Gas Fund
Fund balance/net position, as previously reported	$ 394,512	$ 411,508	$ 2,504,715	$ 1,632,192
Adjustments to beginning fund balance/net position to reflect corrections of error, net				
Adjustment to receivables	18,240	71,999	-	38,238
Adjustment to prepaid insurance	(18,026)	-	(5,465)	(6,484)
Adjustment to capital assets	-	-	646,606	(85,378)
Adjustment to payables	-	(12,488)	25,817	10,923
Adjustment to accrued salaries and benefits	46,289	-	19,158	798
Adjustment to long-term obligations	-	-	7,253	-
Adjustment related to pension balances	-	-	(30,159)	(30,159)
Adjustment to inventory	(111,734)	-	(17,225)	(101,550)
Adjustment to cash	59,876	(43,966)	334,897	-
Adjustment related to prior period errors	9,341	9,316	-	-
Fund balance/net position, as restated	$ 398,498	$ 436,369	$ 3,485,597	$ 1,458,580

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ASHBURN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2020	2019	2018
Total pension liability			
Service cost	$ **47,472**	$ 52,235	$ 45,420
Interest on total pension liability	**209,443**	210,096	207,553
Differences between expected and actual experience	**(88,471)**	(15,581)	18,987
Changes of assumptions	**-**	-	44,451
Benefit payments, including refunds of employee contributions	**(246,776)**	(254,612)	(236,313)
Other Changes	**106,279**	-	-
Net change in total pension liability	**27,947**	(7,862)	80,098
Total pension liability - beginning	**2,868,495**	2,876,357	2,796,259
Total pension liability - ending (a)	**2,896,442**	2,868,495	2,876,357
Plan fiduciary net position			
Contributions - employer	**96,024**	87,123	86,228
Net investment income	**70,324**	242,449	338,163
Benefit payments, including refunds of member contributions	**(246,776)**	(254,612)	(236,313)
Administrative expenses	**(14,076)**	(15,049)	(16,127)
Net change in plan fiduciary net position	**(94,504)**	59,911	171,951
Plan fiduciary net position - beginning	**2,571,125**	2,511,214	2,339,263
Plan fiduciary net position - ending (b)	**2,476,621**	2,571,125	2,511,214
City's net pension liability (asset) - ending (a) - (b)	**$ 419,821**	$ 297,370	365,143
Plan fiduciary net position as a percentage of the total pension liability	**85.51%**	89.63%	87.31%
Covered-employee payroll	**$ 1,661,816**	$ 1,505,817	$ 1,703,817
Net pension liability as a percentage of covered-employee payroll	**25.26%**	19.75%	21.43%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF ASHBURN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2020	2019	2018
Actuarially determined contribution	**$ 92,937**	$ 96,024	$ 87,123
Contributions in relation to the actuarially determined contribution	**92,937**	96,024	87,123
Contribution deficiency (excess)	**$ -**	$ -	$ -
Covered-employee payroll	**$ 1,661,816**	$ 1,505,817	$ 1,703,817
Contributions as a percentage of covered-employee payroll	**5.59%**	6.38%	5.11%

Notes to the Schedule:

Valuation Date	January 1, 2019
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on investments	7.38%
Projected Salary Increases	2.25%, plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

COMBINING AND INDIVIDUAL FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Rose Hill Cemetery Fund – This fund is used to account for the City's revenues and expenditures related to the Rose Hill Cemetery.

Hotel/Motel Fund – This fund is used to account for the City's revenues and expenditures related to the hotel lodging tax levied during the year. The City collects lodging fees for the promotion of tourism, conventions, or trade shows.

Nutrition Program Fund – This fund is used to account for providing meals to the elderly and is state funded.

Seized Assets Fund – This fund is used to account for the collection and use of funds seized from convicted offenders.

City Tourism Fund – This fund is used to account for the provision of tourism and is split between the Ashburn-Turner County Chamber of Commerce and the Downtown Development Authority.

Capital Projects Funds

The **Special Purpose Local Option Sales Tax** ("**SPLOST") Fund –** This fund is used to account for financing and construction of facilities and improvements in accordance with a sales tax referendum associated with the years 2017 through 2022.

The **Capital Improvement Fund –** This fund is used to account for funds reserved for capital improvements.

The **Housing Fund –** This fund is used to account for funds reserved for housing improvements.

The **Transportation Special Purpose Local Option Sales Tax** ("**T-SPLOST") Fund –** This fund is used to account for financing and construction of transportation improvements in accordance with a sales tax referendum beginning January 2013 through December 2022.

The **Local Maintenance and Improvement Grant Fund** – This fund accounts for revenues from the State of Georgia, Department of Transportation for road improvements.

CITY OF ASHBURN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds				
	Rose Hill Cemetery Fund	Hotel/Motel Fund	Nutrition Program Fund	Seized Assets Fund	City Tourism Fund
ASSETS					
Cash	$ 5,088	$ -	$ 4,481	$ 1,152	$ 12,132
Taxes receivables	-	9,115	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 5,088	$ 9,115	$ 4,481	$ 1,152	$ 12,132
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 9,115	$ 2,520	$ -	$ -
Accrued expense	-	-	31	-	-
Total liabilities	-	9,115	2,551	-	-
FUND BALANCES (DEFICIT)					
Restricted for:					
Cemetery maintenance	5,088	-	-	-	-
State nutrition program	-	-	1,930	-	-
Promotion of tourism	-	-	-	-	12,132
Law enforcement purposes	-	-	-	1,152	-
Capital projects	-	-	-	-	-
Total fund balances	5,088	-	1,930	1,152	12,132
Total liabilities and fund balances	$ 5,088	$ 9,115	$ 4,481	$ 1,152	$ 12,132

Capital Projects Funds						
SPLOST Fund	Capital Improvement Fund	Housing Fund	T-SPLOST Fund	LMIG Fund	Total Nonmajor Governmental Funds
$ 387,267	$ 1,236	$ 1,737	$ 85,930	$ -	$ 499,023
-	-	-	-	-	9,115
59,385	-	-	5,578	-	64,963
$ 446,652	$ 1,236	$ 1,737	$ 91,508	$ -	$ 573,101
$ -	$ -	$ -	$ -	$ -	$ 11,635
-	-	-	-	-	31
-	-		-	-	11,666
-	-	-	-	-	5,088
-	-	-	-	-	1,930
-	-	-	-	-	12,132
-	-	-	-	-	1,152
446,652	1,236	1,737	91,508	-	541,133
446,652	1,236	1,737	91,508	-	561,435
$ 446,652	$ 1,236	$ 1,737	$ 91,508	$ -	$ 573,101

CITY OF ASHBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	Rose Hill Cemetery Fund	Hotel/Motel Fund	Nutrition Program Fund	Seized Assets Fund	City Tourism Fund
Revenues					
Taxes	$ -	$ 71,220	$ -	$ -	$ -
Intergovernmental	-	-	73,337	-	-
Interest and dividend income	-	-	-	2	-
Total revenues	-	71,220	73,337	2	-
Expenditures					
Current:					
Public safety	-	-	-	740	-
Community development	-	45,273	-	-	7,623
Health and welfare	-	-	55,298	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	45,273	55,298	740	7,623
Excess (deficiency) of revenues over (under) expenditures	-	25,947	18,039	(738)	(7,623)
Other financing sources (uses)					
Transfers in	-	-	-	-	15,092
Transfers out	-	(36,675)	-	-	-
Total other financing sources (uses), net	-	(36,675)	-	-	15,092
Net change in fund balances	-	(10,728)	18,039	(738)	7,469
Fund balances (deficits), beginning of year, as restated	5,088	10,728	(16,109)	1,890	4,663
Fund balances, end of year	$ 5,088	$ -	$ 1,930	$ 1,152	$ 12,132

Capital Projects Funds					
SPLOST Fund	Capital Improvement Fund	Housing Fund	T-SPLOST Fund	LMIG Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 71,220
318,627	-	-	63,257	62,537	517,758
-	-	-	-	-	2
318,627	-		63,257	62,537	588,980
	-	-	-	-	740
	-	-	-	-	52,896
	-	-	-	-	55,298
21,951	-	-	18,699	121,934	162,584
151,178	-	-	-	-	151,178
19,635	-	-	-	-	19,635
192,764	-		18,699	121,934	442,331
125,863	-	-	44,558	(59,397)	146,649
-	-	-	-	-	15,092
-	-	-	-	-	(36,675)
-	-	-	-	-	(21,583)
125,863	-	-	44,558	(59,397)	125,066
320,789	1,236	1,737	46,950	59,397	436,369
$ 446,652	$ 1,236	$ 1,737	$ 91,508	$ -	$ 561,435

CITY OF ASHBURN, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE FISCAL YEAR ENDED JUNE 30, 2020

No.	Project	Original and Current Estimated Cost	Prior Years	Current Year	Total
		2017 Referendum			
1	Street and sidewalk improvement	$ 308,000	$ 307,766	$ -	$ 307,766
2	Water, sewage and drainage	243,000	224,057	18,796	242,853
3	Construction, expansion and equipping of and improvements to City buildings and facilities	802,000	763,356	37,927	801,283
4	Construction, improvements, and equipping of the City of Ashburn Park facilities	150,120	149,833	-	149,833
5	Rolling stock and capital equipment	1,088,000	951,257	136,041	1,087,298
		$ 2,591,120	$ 2,396,269	$ 192,764	$ 2,589,033

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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 Honorable Mayor and Members
of the City Council
City of Ashburn, Georgia
Ashburn, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashburn, Georgia (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 26, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 through 2020-011 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
April 26, 2021

CITY OF ASHBURN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	X Yes ____ None Reported
Significant deficiencies identified not considered to be material weaknesses?	____ Yes X None Reported
Noncompliance material to financial statements noted?	____ Yes X No

Federal Awards

There was not an audit of major federal award programs due to the total amount expended on federal programs being less than $750,000.

CITY OF ASHBURN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001 – Proper Recognition of Cash

Criteria: Internal controls should be in place to ensure that all bank accounts belonging to the City are identified and recorded for financial reporting. Additionally, internal controls should be in place to ensure that all reconciled cash balances agree to the general ledger.

Condition: During the prior year and current year, the City did not properly record cash balances.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal years ended June 30, 2019 and June 30, 2020.

Effects: Prior period restatements were required of the City to properly record cash and fund balance (net position for proprietary funds) at the fund level and net position at the government-wide level as of June 30, 2019. Current year adjustments were also required to properly record cash as of June 30, 2020. These adjustments were as follows:

Prior Period Restatements

- Government-wide Level (Governmental Activities) – prior period restatement to decrease cash and net position by $31,862 as of June 30, 2019.
- Government-wide Level (Business-Type Activities) – prior period restatement to increase cash and net position by $334,897 as of June 30, 2019.
- Government-wide Level (Component Unit) – prior period restatement to increase cash and net position by $8,444 as of June 30, 2019.
- Fund Level (General Fund) – prior period restatement to increase cash and fund balance by $59,876 as of June 30, 2019.
- Fund Level (Nonmajor Funds) - prior period restatement to decrease cash and net position by $43,966 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) - prior period restatement to increase cash and fund balance by $334,897 as of June 30, 2019.

Current Year Adjustments

- Fund Level (General Fund) – an adjustment to increase cash by $773,034 as of June 30, 2020.
- Fund Level (Water and Sewer Fund) – an adjustment to increase cash by $95,194 as of June 30, 2020.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure cash balances were properly reconciled and recorded.

Recommendation: We recommend the City carefully review all cash accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

CITY OF ASHBURN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-001 – Proper Recognition of Cash (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-002 – Proper Recognition of Accrued Payroll and Compensated Absences

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: During the prior year, the City did not properly record accrued payroll and compensated absences balances.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2019.

Effects: Prior period restatements were required of the City to properly record accrued payroll, compensated absences, and fund balance (net position for proprietary funds) at the fund level and net position at the government-wide level as of June 30, 2019. These adjustments were as follows:

- Government-wide Level (Governmental Activities) - prior period restatement to decrease accrued payroll by $46,590, decrease compensated absences by $2,465, and increase net position by $49,055 as of June 30, 2019.
- Government-wide Level (Business-Type Activities) - prior period restatement to decrease accrued payroll and increase net position by $19,956 as of June 30, 2019.
- Fund Level (General Fund) – prior period restatement to decrease accrued payroll and increase fund balance by $46,289 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) - prior period restatement to decrease accrued payroll and increase net position by $19,158 as of June 30, 2019.
- Fund Level (Gas Fund) - prior period restatement to decrease accrued payroll and increase net position by $798 as of June 30, 2019.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure accrued payroll balances were properly recorded.

Recommendation: We recommend the City carefully review all accrued payroll accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-002 – Proper Recognition of Accrued Payroll and Compensated Absences (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-003 – Proper Recognition of Receivables and Deferred Inflows of Resources

Criteria: Generally accepted accounting principles and governmental accounts standards require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Additionally, an allowance should be recorded if amounts are deemed to be uncollectible, if applicable.

Condition: During the prior year and current year, the City did not properly record receivables and deferred inflows of resources – unavailable revenue balances.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal years ended June 30, 2019 and June 30, 2020.

Effects: Prior period restatements were required of the City to properly record receivables, deferred inflows of resources – unavailable revenue, and fund balance (net position for proprietary funds) at the fund level and net position at the government-wide level as of June 30, 2019. Current year adjustments were also required to record receivables and deferred inflows of resources – unavailable revenue as of June 30, 2020. These adjustments were as follows:

Prior Period Restatements

- Government-wide Level (Governmental Activities) – prior period restatement to increase receivables and net position by $98,153 as of June 30, 2019.
- Government-wide Level (Business-Type Activities) – prior period restatement to increase accounts receivable and net position by $38,238 as of June 30, 2019.
- Government-wide Level (Component Unit) – prior period restatement to increase accounts receivable and net position by $47,177 as of June 30, 2019.
- Fund Level (General Fund) – prior period restatement to increase receivables and fund balance by $18,240 as of June 30, 2019.
- Fund Level (Nonmajor Funds) – prior period restatement to increase accounts receivable and fund balance by $71,999 as of June 30, 2019.
- Fund Level (Gas Fund) – prior period restatement to increase accounts receivable and net position by $38,238 as of June 30, 2019.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-003 – Proper Recognition of Receivables and Deferred Inflows of Resources (Continued)

Current Year Adjustments

- Fund Level (General Fund) – an adjustment to increase receivables by $517,809; increase revenue by $509,203; increase allowance for doubtful accounts by $829; and increase deferred revenue by $7,777 as of June 30, 2020.
- Fund Level (SPLOST Fund) – an adjustment to increase receivables by $3,484 as of June 30, 2020.
- Fund Level (Gas Fund) – an adjustment to decrease receivables by $35,260 as of June 30, 2020.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure receivables and deferred inflows of resources – unavailable revenue balances were properly recorded.

Recommendation: We recommend the City carefully review all receivables and deferred inflows of resources – unavailable revenues accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-004 – Proper Recognition of Net Pension Liability and Deferred Inflows and Outflows of Resources

Criteria: The net pension liability for a defined benefit pension plan should be calculated by taking the actuarial determined total pension liability (“TPL”) and reducing the TPL by the pension plan’s fiduciary net position, to arrive at the net pension liability (“NPL”).

Condition: During the prior year, the City improperly recorded the NPL, deferred inflows of resources, deferred outflows of resources, and net position at the government-wide level due to the improper allocation between governmental activities and business-type activities.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the year ended June 30, 2019.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-004 – Proper Recognition of Net Pension Liability and Deferred Inflows and Outflows of Resources (Continued)

Effects: Prior period restatements were required of the City to properly record NPL, deferred inflows of resources, deferred outflows of resources, and net position at the government-wide level as well as the fund level for proprietary funds as of June 30, 2019. These adjustments were as follows:

- Government-wide Level (Governmental Activities) – prior period restatement to decrease NPL by $53,527, increase deferred outflows of resources by $71,889, increase deferred inflows of resources by $312,696, and decrease net position by $187,280 as of June 30, 2019.
- Government-wide Level (Business-Type Activities) – prior period restatement to increase NPL by $53,527, increase deferred outflows of resources by $24,136, increase deferred inflows of resources by $30,926, and decrease net position by $60,318 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) – prior period restatement to increase NPL by $26,764, increase deferred outflows of resources by $12,068, increase deferred inflows of resources by $15,463, and decrease net position by $30,159 as of June 30, 2019.
- Fund Level (Gas Fund) – prior period restatement to increase NPL by $26,764, increase deferred outflows of resources by $12,068, increase deferred inflows of resources by $15,463, and decrease net position by $30,159 as of June 30, 2019.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure pension related balances were properly recorded.

Recommendation: We recommend the City carefully review the NPL and all related accounts to ensure transactions are properly recorded in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-005 – Proper Recognition of Prepaid Expenses

Criteria: Internal controls should be in place to ensure amounts reported for prepaid expenses are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

Condition: During the prior year, the City did not properly record prepaid expense balances.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2019.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-005 – Proper Recognition of Prepaid Expenses (Continued)

Effects: Prior period restatements were required of the City to properly record prepaid expenses and fund balance (net position for proprietary funds) at the fund level and net position at the government-wide level as June 30, 2019. These adjustments were as follows:

- Government-wide Level (Governmental Activities) – prior period restatement to decrease prepaid expenses and net position by $15,820 as of June 30, 2019.
- Government-wide Level (Business-type Activities) – prior period restatement to decrease prepaid expenses and net position by $11,949 as of June 30, 2019.
- Fund Level (General Fund) – prior period restatement to decrease prepaid expenses and fund balance by $18,026 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) – prior period restatement to decrease prepaid expenses and net position by $5,465 as of June 30, 2019.
- Fund Level (Gas Fund) – prior period restatement to decrease prepaid expenses and net position by $6,484 as of June 30, 2019.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure prepaid expenses were properly recorded.

Recommendation: We recommend the City carefully review the prepaid expenses to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-006 – Proper Recognitions of Payables

Criteria: Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of the cash related flows.

Condition: During the prior year and current year, the City did not properly record payables.

Context: We addressed the matter with the City to determine the appropriate amounts to be recorded as of and for the years ended June 30, 2019 and June 30, 2020.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-006 – Proper Recognitions of Payables (Continued)

Effects: Prior period restatements were required of the City to properly record payables and fund balance (net position for proprietary funds) at the fund level and net position at the government-wide level as of June 30, 2019. Current year adjustments were also required to properly record payables as of June 30, 2020. These adjustments were as follows:

Prior Period Restatements

- Government-wide Level (Governmental Activities) – prior period restatement to increase payables and decrease net position by $12,613 as of June 30, 2019.
- Government-wide Level (Business-type Activities) – prior period restatement to decrease payables and increase net position by $36,740 as of June 30, 2019.
- Fund Level (Nonmajor Funds) – prior period restatement to increase payables and decrease fund balance by $12,488 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) – prior period restatement to decrease payables and increase net position by $25,817 as of June 30, 2019.
- Fund Level (Gas Fund) – prior period restatement to decrease payables and increase net position by $10,923 as of June 30, 2019.

Current Year Adjustments

- Fund Level (General Fund) – an adjustment to decrease payables by $39,716 as of June 30, 2020.
- Fund Level (Nutrition Fund) – an adjustment to increase payables by $2,520 as of June 30, 2020.
- Fund Level (Hotel/Motel Fund) – an adjustment to increase payables by $9,115 as of June 30, 2020.
- Fund Level (City Tourism Fund) – an adjustment to decrease payables by $12,489 as of June 30, 2020.
- Fund Level (Water and Sewer Fund) – an adjustment to increase payables by $18,710 as of June 30, 2020.
- Fund Level (Gas Fund) – an adjustment to decrease payables by $8,720 as of June 30, 2020.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure payable balances were properly recorded.

Recommendation: We recommend the City carefully review all payable accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

CITY OF ASHBURN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-007 – Proper Recognition of Capital Assets

Criteria: Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

Condition: During the prior year and current year, the City did not properly recognize capital assets for governmental and business-type activities. Recorded amounts did not agree with fixed asset listings.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal years ended June 30, 2019 and June 30, 2020.

Effects: Prior period restatements were required of the City to properly record capital assets and net position at the fund level and government-wide level as of June 30, 2019. Current year adjustments were also required to properly record fixed assets as of June 30, 2020. These adjustments were as follows:

Prior Period Restatements

- Government-wide Level (Governmental Activities) – prior period restatement to decrease capital assets and net position in the amount of $99,773 as of June 30, 2019.
- Government-wide Level (Business-type Activities) – prior period restatement to increase capital assets and net position by $561,228 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) – prior period restatement to increase capital assets and net position by $646,606 as of June 30, 2019.
- Fund Level (Gas Fund) – prior period restatement to decrease capital assets and net position by $85,378 as of June 30, 2019.

Current Year Adjustments

- Fund Level (Water and Sewer Fund) – an adjustment to increase depreciation expense and accumulated depreciation by $270,627 as of June 30, 2020.
- Fund Level (Gas Fund) – an adjustment to decrease capital assets by $7,730 as of June 30, 2020.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure capital asset balances were properly recorded.

Recommendation: We recommend the City carefully review all capital assets to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

CITY OF ASHBURN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-008 – Proper Recognition of Long-Term Debt and Related Items

Criteria: Generally accepted accounting principles require long-term obligations to be recorded in the accounting period in which they have occurred.

Condition: During our testing of the City's long-term obligations, we noted the City's capital leases, landfill post-closure costs, and bonds for governmental and business-type activities were not properly recognized as of June 30, 2019 and June 30, 2020.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal years ended June 30, 2019 and June 30, 2020.

Effects: Prior period restatements were required of the City to properly record long-term obligations and net position at the fund level and government-wide level as of June 30, 2019. Adjustments were also required in the current year to properly record long-term obligations as of June 30, 2020. These adjustments were as follows:

Prior Period Restatements

- Government-wide Level (Governmental Activities) – prior period restatement to increase long-term obligations and decrease net position by $68,016 as of June 30, 2019.
- Government-wide Level (Business-type Activities) – prior period restatement to decrease long-term obligations and increase net position by $7,253 as of June 30, 2019.
- Government-wide Level (Component Unit) – prior period restatement to increase long-term obligations and decrease net position by $42,857 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) – prior period restatement to decrease long-term obligations and increase net position by $7,253 as of June 30, 2019.

Current Year Adjustments

- Fund Level (General Fund) – an adjustment to increase proceeds from capital leases by $911,826 as of June 30, 2020.
- Fund Level (Water and Sewer Fund) – an adjustment to decrease notes payable by $72,141, decrease bonds payable by $225,000, and increase accrued interest by $3,511 as of June 30, 2020.
- Fund Level (Gas Fund) – an adjustment to decrease leases payable by $80,789 as of June 30, 2020.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure long-term obligations were properly recorded.

Recommendation: We recommend the City carefully review all long-term obligation accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-008 – Proper Recognition of Long-Term Debt and Related Items (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-009 – Proper Recognition of Inventory

Criteria: Internal controls should be in place to ensure that inventory listings are properly maintained. Additionally, internal controls should be in place to ensure that listings are reconciled to agree to the general ledger.

Condition: During the current year and prior year, the City did not properly record inventory or reconcile inventory to the general ledger.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal years ended June 30, 2019 and June 30, 2020.

Effects: Prior period restatements were required of the City to properly record inventory and fund balance (net position for proprietary funds) at the fund level and net position at the government-wide level as of June 30, 2019. Current year adjustments were also required to properly record inventory as of June 30, 2020. These adjustments were as follows:

Prior Period Restatements

- Government-wide Level (Governmental Activities) – prior period restatement to decrease inventory and net position by $80,460 as of June 30, 2019.
- Government-wide Level (Business-type Activities) – prior period restatement to decrease inventory and net position by $118,775 as of June 30, 2019.
- Fund Level (General Fund) – prior period restatement to decrease inventory and fund balance by $111,734 as of June 30, 2019.
- Fund Level (Water and Sewer Fund) – prior period restatement to decrease inventory and net position by $17,225 as of June 30, 2019.
- Fund Level (Gas Fund) – prior period restatement to decrease inventory and net position by $101,550 as of June 30, 2019.

Current Year Adjustments

- Fund Level (General Fund) – an adjustment to decrease inventory by $11,152 as of June 30, 2020.
- Fund Level (Water and Sewer Fund) – an adjustment to increase inventory by $24,014 as of June 30, 2020.
- Fund Level (Gas Fund) – an adjustment to increase inventory by $84,094 as of June 30, 2020.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure inventory balances were properly recorded.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-009 – Proper Recognition of Inventory (Continued)

Recommendation: We recommend the City carefully review all inventory accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-010 – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2020 fiscal year. Also during our audit, we noted the prior year trial balances did not agree to the prior year issued financial statements.

During our testing of opening balances, we noted the prior year financial statements had various errors within them. Some of the balances did not tie with the statements and some of the balance sheets did not balance. This required a prior period restatement at the fund level and the government-wide level for the correction of prior period errors.

Significant adjustments were determined and required to be recorded in the months that followed June 30, 2020. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to prepare their bank reconciliations in a timely manner for all accounts;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the City's capital assets; and
- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-010 – General Accounting Matters/Close-Out Procedures (Continued)

Condition (Continued): We believe it is important to note that we observed a genuine interest by the City's accounting personnel in their desire to learn and assume greater responsibilities for the City's accounting and financial reporting and noticed great improvement subsequent to the current year's audit.

Context: We addressed the matter with the City to determine the appropriate actions are taken so as to properly complete general accounting matters/close-out procedures at June 30, 2020.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to properly maintain financial and non-financial information and to properly close-out the year-end.

Recommendation: We recommend the City consider a variety of options to addressing the above condition. In no particular order, the City needs to look at the respective staffing of the accounting function, and determine if an adequate number of qualified people are currently available to address the condition. The City also needs to consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of City operations and financial and non-financial activities.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-011 – Segregation of Duties

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

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

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

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-011 – Segregation of Duties (Continued)

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

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

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

CITY OF ASHBURN, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2019-1 – Segregation of duties

Criteria: Adequate number of personnel should be employed to reduce conflicting job duties.

Condition: Recording, collections, and reporting are being administered by the same employees.

Status: Unresolved – See Finding 2020-011.