# CITY OF BERKELEY LAKE, GEORGIA

## FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2019 AND 2018

Together With Independent Auditors' Report

J. TERRY GORDON & CO., CPAs
CERTIFIED PUBLIC ACCOUNTANTS
40 TECHNOLOGY PARKWAY SOUTH
SUITE 250
NORCROSS, GEORGIA 30092

(770) 449-4921

# ANNUAL FINANCIAL REPORT
# FOR THE YEAR ENDED
# DECEMBER 31, 2019
# CITY OF BERKELEY LAKE, GEORGIA

**MAYOR**

**Lois Salter**

**MAYOR PRO-TEM**

**Rebecca Spitler**

**CITY COUNCIL**

**Jack W. McDaniel, Jr.**
**W. Rodney Hammond**
**Scott Lee**
**Bob Smith**
**Rebecca Spitler**

**CITY ADMINISTRATOR AND CLERK**

**Tom Rozier**

**DEPUTY CITY ADMINSTRATOR**

**Pat Chapman**

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J. Terry Gordon & Co.
Certified Public Accountants

40 Technology Parkway South
Suite 250
Norcross, Georgia 30092
770 449-4921
770 242-6474 Fax

Member of American Institute of Certified Public Accountants

Member of Georgia Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council

## CITY OF BERKELEY LAKE, GEORGIA

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of and for the years ended December 31, 2019 and 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of December 31, 2019 and 2018, and the respective changes in financial position for the General Fund, Capital Projects Funds and Debt Service Fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis found on pages 4 through 9 and the General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Report on Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 36-51 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 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 agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Berkeley Lake's internal control over financial reporting and compliance.

J. Terry Gordon & Co.

J. TERRY GORDON & CO.
Certified Public Accountants
Norcross, Georgia

June 30, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Berkeley Lake provides this *Management's Discussion and Analysis* for readers of the City's financial statements for the year ended December 31, 2019. This narrative overview of the City's financial activities should be read in conjunction with the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

## FINANCIAL HIGHLIGHTS

- The assets of the City of Berkeley Lake exceeded its liabilities at the close of the year by $13,932,212 (reported as "*net position*"). Of this amount, $2,285,672 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's governmental funds report combined ending fund balances of $3,318,720. Approximately 68.8 percent of this amount, $2,285,672, is available for spending at the City's discretion (*unassigned general fund balance*).

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Berkeley Lake's basic financial statements. The City of Berkeley Lake's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

**Government-wide Financial Statements**. The *government-wide financial statements* include the *statement of net position* and the *statement of activities*. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. The City's *net position*, which is the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the City's *financial position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, etc.) must be considered to assess the *overall health* of the City.

The *statement of activities* present information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements contain the City's only activities:

- Governmental activities: most of the City's basic services are reported here, including public safety, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeits and intergovernmental revenues (governmental activities) finance most of these activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund Financial Statements**. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by state law. The City of Berkeley Lake uses one category fund: governmental fund.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

**Governmental Funds**. Most of the City's basic *governmental activities* reported in the government-wide statements are accounted for in *governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between *governmental activities* (reported in the *statement of net position* and the *statement of activities*) and *governmental funds* is described in a reconciliation beside the fund financial statements. The City uses four governmental funds whose basic financial statements can be found on pages 13 and 14 of this report.

**Notes to the Financial Statements**. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-34 of this report.

**Other Information**. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combining financial statements for non-major funds referred to earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules (pages 13 and 15) that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Berkeley Lake, assets exceeded liabilities by $13,932,212 as of December 31, 2019.

### CITY OF BERKELEY LAKE

### NET POSITION AS OF DECEMBER 31, 2019 AND 2018

| | Governmental Activities | |
|---|---|---|
| | 2019 | 2018 |
| Current and Other Assets | $ 3,425,696 | $ 2,736,363 |
| Net Capital Assets | 10,613,492 | 10,677,264 |
| Total Assets | 14,039,188 | 13,413,627 |
| | | |
| Other Liabilities | 106,976 | 136,484 |
| Total Liabilities | 106,976 | 136,484 |
| | | |
| Investment in Capital Assets | 10,613,492 | 10,677,264 |
| Restricted Net Position | 1,033,048 | 727,280 |
| Unrestricted Net Position | 2,285,672 | 1,872,599 |
| | | |
| Total Net Position | $13,932,212 | $13,277,143 |

The largest portion of the City's net position (76.2 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available to future spending.

*Restricted net position* totaling $1,033,048 are constrained by debt covenants or legal requirements and are not available for day-to-day operations of the City. The remaining balance of unrestricted net position ($2,285,672) may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF BERKELEY LAKE**
**CHANGES IN NET POSITION**
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | 2019 | 2018 |
|---|---|---|
| Other Taxes | $ 440,294 | $ 429,743 |
| Investment Earnings | 37,181 | 24,847 |
| Other | 6,031 | 16,633 |
| Total Revenues | 1,500,341 | 1,418,261 |
| Expenses: | | |
| General Government | 428,661 | 419,169 |
| Public Safety | 131,005 | 117,616 |
| Housing and Development | 152,481 | 177,414 |
| Judicial | 348 | 6,043 |
| Public Works | 120,641 | 229,219 |
| Culture and Recreation | 12,136 | 14,656 |
| Interest | - | - |
| Total Expenses | 845,272 | 964,117 |
| Increase (Decrease) in Net Position | 655,069 | 454,144 |
| Beginning Net Position | 13,277,143 | 12,822,999 |
| Ending Net Position | $13,932,212 | $13,277,143 |

*Governmental Activities*. Governmental fund activities increased the City's governmental fund balance by $655,069 in year 2019. Key elements of this increase are as follows:

- Total revenues were $1,500,341, an increase of $82,080 (5.8%) over the prior year.
- Expenditures totaled $845,272, a decrease of $118,845 (12.3%) over the prior year.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Berkeley Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

Governmental Funds. The City uses governmental funds to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year. The City of Berkeley Lake uses four governmental funds: the general fund, capital projects fund and the debt service fund.

At the end of the current year, the City's general fund reported an ending fund balance of $2,285,672, an increase of $413,073 or 22 percent in comparison with the prior year. Approximately 99.3 percent of this amount ($2,269,554) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable or restricted* to indicate that it is not available for new spending because it has already been committed for other restricted purposes.

As a measure of the general fund's liquidity, it may be useful to compare *unassigned fund balance* to total fund expenditures. Unassigned fund balance represents 305 percent of total general fund expenditures for the current year.

Key factors to the increase of the general fund's fund balance of $413,073 during the current year are as follows:

- No transfers out to other governmental funds to pay off general obligation bond debt was required.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to the Georgia statutes and the City of Berkeley Lake Code. The most significant budgeted fund is the General Fund.

The City's original budget for 2019 was amended during the year. The budget was balanced using allocation from prior year reserves (fund balance).

### 2019 General Fund Budget

| | Original Budget | Amendments | Final Budget | Actual |
|---|---|---|---|---|
| Revenue/Other Financing Sources | $985,569 | $ 170,102 | $1,155,671 | $1,155,671 |
| Expenditures/Other Financing Uses | $935,603 | $(193,005) | $ 742,598 | $ 742,598 |

Actual revenues were slightly above target with final budget for 2019. Actual expenses were below final budget target.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Berkeley Lake's investment in capital assets for its governmental activities as of December 31, 2019, amounted to $10,613,492 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements and machinery and equipment.

During the year ended December 31, 2019, the City's purchases for capital assets totaled $-0-.

More information on capital assets may be found in the notes to the basic financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected officials considered many factors when adopting the budget for the year ending December 31, 2020. Budget calculations were based on, but not limited to, the following:

1. During 2018, the City commissioned an evaluation of the condition of streets within its boundaries. In the 2020 budget, the City included funds for paving roadways where we received an evaluation of 'fair' or 'poor', using SPLOST and Local Maintenance and Improvement Grant funding.

2. The City continues to expend general funds in the operation of its own storm water management program. The MS4 permit is causing the need for additional data collection associated costs.

3. New residential development continues to slow based upon the number of undeveloped lots in the City and is therefore expected to produce less income from permit fees in 2020.

4. During 2014 through 2016, the City worked with franchisees to ensure appropriate fees were being paid for use of the City's rights of way based upon the current City boundaries. That work resulted in an increase in current and future franchise fees.

5. The City budgeted for armed security for court proceedings at the recommendation of the municipal judge.

6. During 2019, the City expected to have turnover in 2020 in 2 key positions and therefore budgeted to have overlap for training purposes.

8. The City expected to set a millage rate slightly less than the roll-back rate during 2020, however due to uncertainty surrounding COVID-19, the City has decided to set the 2020 millage rate at the roll-back rate.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Berkeley Lake finances for all of its citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator/Clerk, 4040 South Berkeley Lake Road, Berkeley Lake, Georgia 30096.

# BASIC FINANCIAL STATEMENTS

# CITY OF BERKELEY LAKE, GEORGIA

## STATEMENT OF NET POSITION

## DECEMBER 31, 2019

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash and cash equivalents | $ 2,188,552 | $ - | $ 2,188,552 |
| Receivables: | | | |
| Property taxes | 16,243 | - | 16,243 |
| Other taxes and receivables | 171,735 | - | 171,735 |
| Intergovernmental | 61,925 | - | 61,925 |
| Grant receivable | - | - | - |
| Prepaid items | 16,118 | - | 16,118 |
| Restricted Assets: | | | |
| Cash | 971,123 | - | 971,123 |
| Capital Assets: | | | |
| Nondepreciable capital assets | 9,302,261 | - | 9,302,261 |
| Depreciable capital assets, net | 1,311,231 | - | 1,311,231 |
| Total Assets | $14,039,188 | $ - | $14,039,188 |
| **LIABILITIES** | | | |
| Current Liabilities: | | | |
| Accounts payable | $ 27,264 | $ - | $ 27,264 |
| Retainage payable | - | - | - |
| Accrued liabilities | 43,010 | - | 43,010 |
| Unearned revenue | 36,702 | - | 36,702 |
| Total Liabilities | $ 106,976 | $ - | $ 106,976 |
| **NET POSITION** | | | |
| Investment in capital assets | $10,613,492 | $ - | $10,613,492 |
| Restricted For: | | | |
| Capital projects | 1,033,048 | - | 1,033,048 |
| Unrestricted | 2,285,672 | - | 2,285,672 |
| Total Net Position | $13,932,212 | $ - | $13,932,212 |

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

## CITY OF BERKELEY LAKE, GEORGIA

### STATEMENT OF ACTIVITIES

### FOR THE YEAR ENDED DECEMBER 31, 2019

| Functions/Programs | Expenses | Program Revenues: Charges For Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities | Total 2019 | Total 2018 |
|---|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General government | $428,661 | $155,467 | $ - | $ - | $ (273,194) | $ - | $ (273,194) | $ (311,489) |
| Public safety | 131,005 | - | - | - | (131,005) | - | (131,005) | (117,616) |
| Housing and development | 152,481 | 30,477 | - | - | (122,004) | - | (122,004) | (146,799) |
| Judicial | 348 | - | - | - | (348) | - | (348) | (6,043) |
| Public works | 120,641 | - | - | 368,955 | 248,314 | - | 248,314 | 115,423 |
| Culture and recreation | 12,136 | - | - | - | (12,136) | - | (12,136) | (14,656) |
| Total Governmental Activities | $845,272 | $185,944 | $ - | $368,955 | $ (290,373) | $ - | $ (290,373) | $ (481,180) |
| General Revenues: | | | | | | | | |
| Property Taxes | | | | | $ 461,936 | $ - | $ 461,936 | $ 464,101 |
| Insurance premium tax | | | | | 140,164 | - | 140,164 | 131,954 |
| Franchise taxes | | | | | 236,468 | - | 236,468 | 237,001 |
| Other taxes | | | | | 63,662 | - | 63,662 | 60,788 |
| Unrestricted investment earnings | | | | | 37,181 | - | 37,181 | 24,847 |
| Miscellaneous revenue/other | | | | | 6,031 | - | 6,031 | 16,633 |
| Total General Revenues | | | | | 945,442 | - | 945,442 | 935,324 |
| Change in Net Position | | | | | 655,069 | - | 655,069 | 454,144 |
| Net Position - Beginning | | | | | 13,277,143 | - | 13,277,143 | 12,822,999 |
| Net Position - Ending | | | | | $13,932,212 | $ - | $13,932,212 | $13,277,143 |

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

# CITY OF BERKELEY LAKE, GEORGIA

## BALANCE SHEET
## GOVERNMENT FUNDS

## DECEMBER 31, 2019

| | General | Special Purpose Local Option Sales Tax Capital Projects | Special Purpose Dam Repair/ Reconstruction Capital Projects | Debt Service | 2019 Total Governmental Funds | 2018 Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | $2,188,552 | $ - | $ - | $ - | $ 2,188,552 | $ 1,482,750 |
| Restricted assets (cash) | - | 971,123 | - | - | 971,123 | 668,505 |
| Receivables, net | 187,978 | - | - | - | 187,978 | 515,266 |
| Prepaid items | 16,118 | - | - | - | 16,118 | 11,067 |
| Due from other governments | - | 61,925 | - | - | 61,925 | 58,775 |
| Total Assets | $2,392,648 | $1,033,048 | $ - | $ - | $ 3,425,696 | $ 2,736,363 |
| **Liabilities and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 27,264 | $ - | $ - | $ - | $ 27,264 | $ 25,657 |
| Retainage payable | - | - | - | - | - | 39,486 |
| Accrued liabilities | 43,010 | - | - | - | 43,010 | 35,040 |
| Due to other funds | - | - | - | - | - | - |
| Unearned revenue | 36,702 | - | - | - | 36,702 | 36,301 |
| Total Liabilities | 106,976 | - | - | - | 106,976 | 136,484 |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | 16,118 | - | - | - | 16,118 | 11,067 |
| Restricted: | | | | | | |
| Debt service | - | - | - | - | - | - |
| Capital projects expenditures | - | 1,033,048 | - | - | 1,033,048 | 727,280 |
| Unassigned, reported in: | | | | | | |
| General fund | 2,269,554 | - | - | - | 2,269,554 | 1,861,532 |
| Total Fund Balances | 2,285,672 | 1,033,048 | - | - | 3,318,720 | 2,599,879 |
| Total Liabilities and Fund Balances | $2,392,648 | $1,033,048 | $ - | $ - | 3,425,696 | 2,736,363 |
| 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 | | | | | 10,613,492 | 10,677,264 |
| Net Position of Governmental Activities | | | | | $13,932,212 | $13,277,143 |

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

# CITY OF BERKELEY LAKE, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENT FUNDS

## FOR THE YEAR ENDED DECEMBER 31, 2019

| | General | Special Purpose Local Option Sales Tax Capital Projects | Special Purpose Dam Repair/ Reconstruction Capital Projects | Debt Service | 2019 Total Governmental Funds | 2018 Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Taxes | $ 932,735 | $ - | $ - | $ - | $ 932,735 | $ 925,202 |
| Licenses and permits | 155,439 | - | - | - | 155,439 | 106,936 |
| Intergovernmental | 24,285 | 336,364 | - | - | 360,649 | 339,356 |
| Fines and forfeits | - | - | - | - | - | 4,750 |
| Investment earnings | 37,181 | 8,306 | - | - | 45,487 | 30,134 |
| Other | 6,031 | - | - | - | 6,031 | 11,883 |
| Total revenues | 1,155,671 | 344,670 | - | - | 1,500,341 | 1,418,261 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government | 364,153 | 736 | - | - | 364,889 | 368,105 |
| Public safety | 131,005 | - | - | - | 131,005 | 117,616 |
| Housing and develop. | 152,481 | - | - | - | 152,481 | 177,414 |
| Judicial | 348 | - | - | - | 348 | 6,043 |
| Public works | 82,475 | 38,166 | - | - | 120,641 | 229,219 |
| Culture & recreation | 12,136 | - | - | - | 12,136 | 14,656 |
| Total expenditures | 742,598 | 38,902 | - | - | 781,500 | 913,053 |
| Excess (deficiency) of revenues over expenditures | 413,073 | 305,768 | - | - | 718,841 | 505,208 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balance | 413,073 | 305,768 | - | - | 718,841 | 505,208 |
| Fund balances at beginning of year | 1,872,599 | 727,280 | - | - | 2,599,879 | 2,094,671 |
| Fund balances at end of year | $2,285,672 | $1,033,048 | $ - | $ - | $3,318,720 | $2,599,879 |

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

# CITY OF BERKELEY LAKE, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES

## FOR THE YEAR ENDED DECEMBER 31, 2019

| | |
|---|---|
| Net Changes in Fund Balances - Total Governmental Fund | $718,841 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statements of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | |
| Additions | - |
| Depreciation expense | (63,772) |
| Change in Net Position of Governmental Activities | $655,069 |

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

# CITY OF BERKELEY LAKE, GEORGIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2019

### Note 1. Description of Governmental Unit

The City of Berkeley Lake was incorporated in 1956 under provisions of the laws of the State of Georgia. The City operates under a Mayor - Council form of government and provides the following services in addition to general administrative responsibilities; public safety, streets maintenance, and cultural and recreational activities.

### Note 2. Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting level, provided they do not conflict with or contradict GASB pronouncements.

#### B. Reporting Entity

The City's financial statements include the accounts of all City operations and included in this report are all activities of the City of Berkeley Lake. The accounting policies and the presentation of the financial report of the City of Berkeley Lake, Georgia (the "City") have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). In conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, defining the governmental reporting entity, the City includes all funds that are controlled by or dependent on the City Council of the City. Since no other entities are controlled by or rely on the City, the reporting entity consists solely of the City.

**Note 2.** **Summary of Significant Accounting Policies** (Continued)

**C. Government-wide and Fund Financial Statements**

The Governmental Accounting Standards Board (GASP) has issued Statement No. 34. This statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

*Government-wide Financial Statements* - The government-wide financial statements include a statement of net position and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The City of Berkeley Lake had no business-like activities as of December 31, 2019.

The statement of net position presents the financial position of the governmental activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

**Note 2. Summary of Significant Accounting Policies** (Continued)

**C. Government-wide and Fund Financial Statements** (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

*Fund Financial Statements* - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are provided for governmental funds.

Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

*Fund Accounting* - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses only one category of funds: governmental.

**Note 2. Summary of Significant Accounting Policies** (Continued)

**C. Government-wide and Fund Financial Statements** (Continued)

*Governmental Funds* - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

*General Fund* - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

*Special Purpose Local Option Sales Tax Capital Projects Fund* - This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax and as such is restricted for those purposes.

*Berkeley Lake Dam Repair/Reconstruction Capital Projects Fund* - This fund is used to account for the repair/reconstruction to the dam financed by a general obligation bond issuance.

*Debt Service Fund* - This fund is used to account for the accumulation of resources for, and the payment of, the City's General Obligation Refunding Series 2009 and the General Obligation Bonds, Series 2011, general long-term debt principal and interest.

**D. Measurement Focus and Financial Statement Presentation**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis

**Note 2. Summary of Significant Accounting Policies** (Continued)

**D. Measurement Focus and Financial Statement Presentation** (Continued)

of accounting. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses, including depreciation.

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. The City had no proprietary funds as of and for the year ended December 31, 2019.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the

**Note 2. Summary of Significant Accounting Policies** (Continued)

**E. Basis of Accounting** (Continued)

accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, other taxes, interest and federal and state grants.

Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measured but not available) rather than as revenue.

**Note 2. Summary of Significant Accounting Policies** (Continued)

**E. Basis of Accounting** (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**F. Assets, Liabilities, and Net Position or Equity**

1. *Cash, Cash Equivalents and Investments*

Cash and cash equivalents include amounts in demand deposits and all highly liquid investments with a maturity of three months or less when purchased.

Investments are stated at fair value.

Statutes authorize the City to invest in U.S. Government obligations, State of Georgia obligations, obligations of other municipalities, and certificates of deposit.

2. *Receivables*

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

3. *Interfund Balances*

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."

**Note 2. Summary of Significant Accounting Policies** (Continued)

**F. Assets, Liabilities, and Net Position or Equity** (Continued)

4. *Inventories and Prepaid Items*

On both the government-wide and fund financial statements, supplies are recorded as expenditures at the time items are purchased; they are not recorded on the statement of net position due to a lack of materiality.

Certain payments to service providers reflect costs applicable to future periods and are recorded as prepaid items when purchased. These amounts are subsequently adjusted at audit date. They are labeled as prepaid items in both government-wide and fund financial statements.

5. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure generally consists of streets and roads. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. The capitalization threshold is generally any item exceeding $500.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**Note 2.** **Summary of Significant Accounting Policies** (Continued)

**F.** **Assets, Liabilities, and Net Position or Equity** (Continued)

| Description | Governmental Activities Estimated Lives |
|---|---|
| Buildings and improvements | 25 years |
| Machinery and equipment | 5-10 years |
| Furniture and fixtures | 7 years |

6. *Accrued Liabilities and Long-term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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 these funds. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

7. *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".

**Note 2.** **Summary of Significant Accounting Policies** (Continued)

**F.** **Assets, Liabilities, and Net Position or Equity** (Continued)

*Fund Balance*

For the classification of fund balances: (1) the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes or which both restricted and unrestricted fund balance is available and (2) committed, assigned or unassigned amounts are considered have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

*Net Position*

Net position represent the difference between assets and liabilities. 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 for the acquisition, construction or improvement of those assets.

Net positions 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. All other net positions are reported as unrestricted.

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

8. *Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2. Summary of Significant Accounting Policies** (Continued)

**F. Assets, Liabilities, and Net Position or Equity** (Continued)

9. *Comparative Data*

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

**Note 3. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

The City adopts an annual operating budget for the general fund, the capital projects fund and the debt service fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds' budgets are adopted on a basis consistent with GAAP. All unexpended, unencumbered annual appropriations lapse at year-end.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The departments may transfer funds from one object or purpose to another within the department, subject to approval by Mayor/Council.

- The City Council may amend the budget by motion during the year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

## Note 4. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized.

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.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign Currency Risk

The City has no investments dominated in a foreign currency. The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool

**Note 4. Deposit and Investment Risk** (Continued)

that follows Standard and Poor's criteria for AAA rated money market funds. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. 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 ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

Georgia Fund 1 is rated AAA by Standard & Poor's. The weighted average maturity at December 31, 2019 was 39 days. At December 31, 2019, the City's balance in Georgia Fund 1 was $1,606,596.

**Note 5. Receivables**

Receivables at December 31, 2019, consisted of taxes, interest, grant, and intergovernmental receivables. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

**Note 6. Property Taxes**

The City's property taxes are billed and collected by Gwinnett County. The City levies annual real and personal property taxes based on the lien date of January 1. After adoption of the millage rate, the levy date is September 15, with taxes due on that date through November 15. After this 60 day period, the taxes become delinquent and subject to penalty and interest. At year end, the receivables represent delinquent taxes. At the fund reporting level, if delinquent taxes are not paid within 60 days of year end, they are recorded as deferred revenue since they are not available to finance current expenditures.

## Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

| | Balance 12/31/2018 | Additions | Deductions | Balance 12/31/2019 |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 9,302,261 | $ - | $ - | $ 9,302,261 |
| Other capital assets: | | | | |
| Buildings and improvements | 1,770,957 | - | - | 1,770,957 |
| Machinery and equipment | 118,803 | - | - | 118,803 |
| Furniture and fixtures | 67,779 | - | - | 67,779 |
| Computers and peripherals | 48,172 | - | - | 48,172 |
| Total other capital assets | 2,005,711 | - | - | 2,005,711 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | $ 431,490 | $ 45,523 | $ - | $ 477,013 |
| Machinery and equipment | 96,070 | 7,873 | - | 103,943 |
| Furniture and fixtures | 67,781 | - | - | 67,781 |
| Computers and peripherals | 35,367 | 10,376 | - | 45,743 |
| Total accumulated depreciation | 630,708 | 63,772 | - | 694,480 |
| Governmental activities capital assets, net | $10,677,264 | $(63,772) | $ - | $10,613,492 |
| Governmental activities depreciation expense: | | | | |
| General government | | $ 63,772 | | |

## Note 8. Defined Contribution Plan

The City adopted a defined contribution plan under the GMA 401(a) Defined Contribution Plan ("GMA Plan") on November 21, 2013 effective January 1, 2014 for all eligible administrative employees who work forty (40) hours per week.

Waiting Period - The waiting period to participate is six (6) months (not to exceed 12 months) of service calculated from the commencement of the employee's employment with the City. Eligible employees as of January 1, 2014 were given credit for prior service.

City Contribution Amounts - Under the Plan, the City contributes an amount equal to 10% of the employee's gross hourly wage or salary compensation and matches 100% of the employee's contributions up to 10% of the employee's gross hourly wage or salary compensation.

Vesting Schedule - The vesting schedule is graduated based upon the following table:

| Completed Years of Service as Eligible Employee | Vested % |
|---|---|
| 1 year | 20% |
| 2 years | 40% |
| 3 years | 60% |
| 4 years | 80% |
| 5 years | 100% |

Contributions by the year ended December 31, 2019 and 2018 were $68,082 and $47,239, respectively. Plan members contributed for the year ended December 31, 2019 and 2018 were $34,074 and $25,075, respectively.

## Note 9. Other Notes

### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural

**Note 9. Other Notes** (Continued)

A. **Risk Management** (Continued)

disasters. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Berkeley Lake must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purpose of GIRMA.
- To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.

**Note 9. Other Notes** (Continued)

A. **Risk Management** (Continued)

- To assist and cooperate in the defense and settlement of claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

- To furnish GIRMA such budget, operating and underwriting information as may be requested.

- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Berkeley Lake retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risks of loss up to $1,000 deductible.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Berkeley Lake is a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Berkeley Lake) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. The City pays an annual contribution to GMA for the workers' compensation.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefor, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

## Note 10. Interfund Transfers

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets between governmental activities and business-type activities, also within business-type activities. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business–type fund group.

There were no interfund transfers at December 31, 2019.

## Note 11. Contingent Liabilities

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

Litigation - There are no matters of pending or threatened litigation against the City as of December 31, 2019.

## Note 12. Subsequent Event

The date through which events occurring after December 31, 2019 has been evaluated for possible adjustment to the financial statements or disclosure is June 30, 2020, which is the date on which the financial statements were available to be issued.

## Note 13. Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). The ARC is composed of 64 municipalities and 10 counties in the Greater Atlanta Metropolitan area. Membership in the ARC is required by the Official Code of Georgia Annotated (OGCA) Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements for the ARC are available from:

Atlanta Regional Commission
40 Courtland Street, N.E.
Atlanta, Georgia 30303

# REQUIRED SUPPLEMENTARY INFORMATION

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## CITY OF BERKELEY LAKE, GEORGIA
## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED DECEMBER 31, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget-Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues**: | | | | |
| Taxes | $866,294 | $ 932,735 | $ 932,735 | $ - |
| Licenses and permits | 72,188 | 155,439 | 155,439 | - |
| Intergovernmental | 22,166 | 24,285 | 24,285 | - |
| Fines and forfeits | - | - | - | - |
| Investment earnings | 22,800 | 37,181 | 37,181 | - |
| Other | 2,121 | 6,031 | 6,031 | - |
| Total revenues | 985,569 | 1,155,671 | 1,155,671 | - |
| **Expenditures**: | | | | |
| General government | 454,076 | 364,153 | 364,153 | - |
| Public safety | 134,883 | 131,005 | 131,005 | - |
| Housing and development | 180,403 | 152,481 | 152,481 | - |
| Judicial | 9,190 | 348 | 348 | - |
| Public works | 136,471 | 82,475 | 82,475 | - |
| Culture and recreation | 20,580 | 12,136 | 12,136 | - |
| Health and welfare | - | - | - | - |
| Total expenditures | 935,603 | 742,598 | 742,598 | - |
| Excess (deficiency) of revenues over expenditures | 49,966 | 413,073 | 413,073 | |
| **Other Financing Sources (Uses)**: | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | (-) | - | - | - |
| Total other financing sources (uses) | (-) | - | - | - |
| Net change in fund balance | $ 49,966 | $ 413,073 | 413,073 | $ |
| Fund balances - beginning | | | 1,872,599 | |
| Fund balances - end | | | $2,285,672 | |

# GOVERNMENTAL FUNDS

## GENERAL FUND

The General Fund is the main operating fund of the City. It is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

## CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of specifically planned projects.

### Special Purpose Local Option Sales Tax Capital Projects Fund

This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax referendum.

### Berkeley Lake Dam Repair/Reconstruction Capital Projects Fund

This fund is used to account for the repair/reconstruction to the dam financed by a general obligation bond issuance.

## DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt (other than Enterprise Funds).

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

These Capital Assets are the fixed assets of the City, other than those accounted for in the Proprietary (Enterprise) Funds. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.

# CITY OF BERKELEY LAKE, GEORGIA
## GENERAL FUND

## COMPARATIVE BALANCE SHEET

## DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash | $2,188,552 | $1,482,750 |
| Restricted assets (cash) | - | - |
| Property taxes receivable | 16,243 | 17,176 |
| Other taxes receivable | 171,735 | 169,078 |
| Grant receivable | - | 329,012 |
| Prepaid items | 16,118 | 11,067 |
| Due from other funds | - | - |
| Total assets | $2,392,648 | $2,009,083 |
| **LIABILITIES AND FUND BALANCE** | | |
| Liabilities: | | |
| Accounts payable | $ 27,264 | $ 25,657 |
| Retainage payable | - | 39,486 |
| Accrued liabilities | 43,010 | 35,040 |
| Unearned revenue | 36,702 | 36,301 |
| Total liabilities | 106,976 | 136,484 |
| Fund balance: | | |
| Nonspendable | 16,118 | 11,067 |
| Unassigned | 2,269,554 | 1,861,532 |
| Total fund balance | 2,285,672 | 1,872,599 |
| Total liabilities and fund balance | $2,392,648 | $2,009,083 |

# CITY OF BERKELEY LAKE, GEORGIA
## GENERAL FUND

## COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Revenues**: | | |
| Taxes | $ 932,735 | $ 925,202 |
| Licenses and permits | 155,439 | 106,936 |
| Intergovernmental | 24,285 | 22,166 |
| Fines and forfeits | - | 4,750 |
| Investment earnings | 37,181 | 24,847 |
| Other | 6,031 | 11,883 |
| Total revenues | 1,155,671 | 1,095,784 |
| **Expenditures**: | | |
| Current: | | |
| General government | 364,153 | 365,372 |
| Public safety | 131,005 | 117,616 |
| Housing and development | 152,481 | 177,414 |
| Judicial | 348 | 6,043 |
| Public works | 82,475 | 96,079 |
| Culture and recreation | 12,136 | 14,656 |
| Health and welfare | - | - |
| Total expenditures | 742,598 | 777,180 |
| Excess (deficiency) of revenues over expenditures | 413,073 | 318,604 |
| **Other Financing Sources (Uses)**: | | |
| Transfers in | - | - |
| Transfers out | - | - |
| Total other financing sources (uses) | - | - |
| Net change in fund balance | 413,073 | 318,604 |
| Fund balance at beginning of year | 1,872,599 | 1,553,995 |
| Fund balance at end of year | $2,285,672 | $1,872,599 |

## CITY OF BERKELEY LAKE, GEORGIA
## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED DECEMBER 31, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget-Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues**: | | | | |
| Taxes | $866,294 | $ 932,735 | $ 932,735 | $ - |
| Licenses and permits | 72,188 | 155,439 | 155,439 | - |
| Intergovernmental | 22,166 | 24,285 | 24,285 | - |
| Fines and forfeits | - | - | - | - |
| Investment earnings | 22,800 | 37,181 | 37,181 | - |
| Other | 2,121 | 6,031 | 6,031 | - |
| Total revenues | 985,569 | 1,155,671 | 1,155,671 | - |
| **Expenditures**: | | | | |
| General government | 454,076 | 364,153 | 364,153 | - |
| Public safety | 134,883 | 131,005 | 131,005 | - |
| Housing and development | 180,403 | 152,481 | 152,481 | - |
| Judicial | 9,190 | 348 | 348 | - |
| Public works | 136,471 | 82,475 | 82,475 | - |
| Culture and recreation | 20,580 | 12,136 | 12,136 | - |
| Health and welfare | - | - | - | - |
| Total expenditures | 935,603 | 742,598 | 742,598 | - |
| Excess (deficiency) of revenues over expenditures | 49,966 | 413,073 | 413,073 | |
| **Other Financing Sources (Uses)**: | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | (-) | - | - | - |
| Total other financing sources (uses) | (-) | - | - | - |
| Net change in fund balance | $ 49,966 | $ 413,073 | 413,073 | $ |
| Fund balances - beginning | | | 1,872,599 | |
| Fund balances - end | | | $2,285,672 | |

# CITY OF BERKELEY LAKE, GEORGIA
# SPECIAL PURPOSE LOCAL OPTION SALES TAX
# CAPITAL PROJECTS FUND

## COMPARATIVE BALANCE SHEET

## DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ - | $ - |
| Restricted assets (cash) | 971,123 | 668,505 |
| Investments | - | - |
| Taxes receivable | - | - |
| Intergovernmental receivable | 61,925 | 58,775 |
| Total assets | $1,033,048 | $727,280 |
| **LIABILITIES AND FUND BALANCE** | | |
| Liabilities: | | |
| Accounts payable | $ - | $ - |
| Intergovernmental payable | - | - |
| Accrued liabilities | - | - |
| Due to other funds | - | - |
| Total liabilities | - | - |
| Fund balance: | | |
| Restricted | 1,033,048 | 727,280 |
| Total fund balance | 1,033,048 | 727,280 |
| Total liabilities and fund balance | $1,033,048 | $727,280 |

# CITY OF BERKELEY LAKE, GEORGIA
## SPECIAL PURPOSE LOCAL OPTION SALES TAX
## CAPITAL PROJECTS FUND

## COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Revenues**: | | |
| Intergovernmental | $ 336,364 | $317,190 |
| Investment earnings | 8,306 | 5,287 |
| | 344,670 | 322,477 |
| **Expenditures**: | 38,902 | 135,873 |
| Excess of revenues over expenditures | 305,768 | 186,604 |
| Other financing sources (uses): | | |
| Transfers (net) | - | - |
| Total other financing sources (used) | - | - |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 305,768 | 186,604 |
| Fund balance, January 1 | 727,280 | 540,676 |
| Fund balance, December 31 | $1,033,048 | $727,280 |

# CITY OF BERKELEY LAKE, GEORGIA
## SPECIAL PURPOSE LOCAL OPTION SALES TAX
## CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED DECEMBER 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget- Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues**: | | | | |
| Intergovernmental | $870,795 | $336,364 | $ 336,364 | $ - |
| Investment earnings | 4,440 | 8,306 | 8,306 | - |
| Total revenues | 875,235 | 344,670 | 344,670 | - |
| **Expenditures** | 875,235 | 38,902 | 38,902 | - |
| Excess (deficiency) of revenues over expenditures | - | 305,768 | 305,768 | - |
| **Other Financing Sources (Uses)**: | | | | |
| Transfers in (out) | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | $ - | $ | 305,768 | $ - |
| Fund balance, January 1 | | | 727,280 | |
| Fund balance, December 31 | | | $1,033,048 | |

**CITY OF BERKELEY LAKE, GEORGIA**
**DAM REPAIR/RECONSTRUCTION**
**CAPITAL PROJECTS FUND**

**COMPARATIVE BALANCE SHEET**

**DECEMBER 31, 2019 AND 2018**

| | 2019 | 2018 |
|---|---|---|
| **Assets**: | | |
| Cash | $ - | $ - |
| Restricted assets (cash) | - | - |
| Investments | - | - |
| Taxes receivable | - | - |
| Intergovernmental receivable | - | - |
| Total assets | $ - | $ - |
| **Liabilities and Fund Balance**: | | |
| Liabilities: | | |
| Accounts payable | $ - | $ - |
| Retainage payable | - | - |
| Accrued liabilities | - | - |
| Due to other funds | - | - |
| Total liabilities | - | - |
| Fund balance: | | |
| Restricted | - | - |
| Total fund balance | - | - |
| Total liabilities and fund balance | $ - | $ - |

# CITY OF BERKELEY LAKE, GEORGIA
## DAM REPAIR/RECONSTRUCTION
## CAPITAL PROJECTS FUND

## COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Revenues**: | | |
| Intergovernmental | $ - | $ - |
| Investment earnings | - | - |
| | - | - |
| **Expenditures** | - | - |
| Excess of revenues over expenditures | - | - |
| **Other Financing Sources (Uses)**: | | |
| Transfers (net) | - | - |
| Total other financing sources (used) | - | - |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | - | - |
| Fund balance, January 1 | - | - |
| Fund balance, December 31 | $ - | $ - |

**CITY OF BERKELEY LAKE, GEORGIA**
**DAM REPAIR/RECONSTRUCTION**
**CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Budgeted Amounts | | | Variance with Final Budget- |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **Revenues**: | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| Investment earnings | - | - | - | - |
| | - | - | - | - |
| **Expenditures**: | - | - | - | - |
| Excess of revenues over expenditures | - | - | - | - |
| **Other Financing Sources (Uses)**: | | | | |
| Transfers in (out) | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | $ - | $ - | - | $ - |
| Fund balance, January 1 | | | - | |
| Fund balance, December 31 | | | $ - | |

# CITY OF BERKELEY LAKE, GEORGIA
## DEBT SERVICE FUND

## COMPARATIVE BALANCE SHEET

## DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ - | $ - |
| Restricted assets (cash) | - | - |
| Investments | - | - |
| Taxes receivable | - | - |
| Intergovernmental receivable | - | - |
| Total assets | $ - | $ |
| **LIABILITIES AND FUND BALANCE** | | |
| Liabilities: | | |
| Accounts payable | $ - | $ - |
| Intergovernmental payable | - | - |
| Accrued liabilities | - | - |
| Total liabilities | - | - |
| Fund balance: | | |
| Restricted | - | |
| Total fund balance | - | |
| Total liabilities and fund balance | $ - | $ |

# CITY OF BERKELEY LAKE, GEORGIA
## DEBT SERVICE FUND

## COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Revenues**: | | |
| Taxes | $ - | $ - |
| Investment earnings | - | - |
| Total revenues | - | - |
| **Expenditures**: | - | - |
| Excess (deficiency) of revenues over expenditures | - | - |
| **Other Financing Sources (Uses)**: | | |
| Bonds issued for dam repair/reconstruction | - | - |
| Bonds repayments | - | - |
| Transfers in | - | - |
| Transfers out | - | - |
| Total other financing sources (uses) | - | - |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | - | - |
| Fund balance, January 1 | - | - |
| Fund balance, December 31 | $ - | $ - |

**CITY OF BERKELEY LAKE, GEORGIA**
**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues**: | | | | |
| Taxes | $ - | $ - | $ - | $ - |
| Investment earnings | - | - | - | - |
| | - | - | - | - |
| **Expenditures** | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| **Other Financing Sources (Uses)**: | | | | |
| Transfers in (out) | - | - | - | - |
| Bonds repayment | - | - | - | - |
| Total other financing sources | - | - | - | - |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | $ - | $ - | - | $ - |
| Fund balance, January 1 | | | - | |
| Fund balance, December 31 | | | $ - | |

# CITY OF BERKELEY LAKE, GEORGIA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY

## DECEMBER 31, 2019

| Function and Activity | Total | Land | Buildings and Improvements | Furniture and Fixtures | Machinery and Equipment | Computers and Peripherals |
|---|---|---|---|---|---|---|
| General Government | $11,307,972 | $9,302,261 | $1,770,957 | $67,779 | $118,803 | $48,172 |
| Total Capital Assets - Governmental Funds | $11,307,972 | $9,302,261 | $1,770,957 | $67,779 | $118,803 | $48,172 |

# CITY OF BERKELEY LAKE, GEORGIA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES - BY FUNCTION AND ACTIVITY

## FOR THE YEAR ENDED DECEMBER 31, 2019

| Function and Activity | Capital Assets - Governmental Funds January 1, 2019 | Additions | Deductions | Capital Assets - Governmental Funds December 31, 2019 |
|---|---|---|---|---|
| General Government | $11,307,972 | $ | $ - | $11,307,972 |
| | $11,307,972 | $ | $ - | $11,307,972 |

# CITY OF BERKELEY LAKE, GEORGIA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
## COMPARATIVE SCHEDULE BY SOURCE

## FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Capital Assets - Governmental Funds**: | | |
| Land | $ 9,302,261 | $ 9,302,261 |
| Buildings and improvements | 1,770,957 | 1,770,957 |
| Furniture and fixtures | 67,779 | 67,779 |
| Machinery and equipment | 118,803 | 118,803 |
| Computers and peripherals | 48,172 | 48,172 |
| Total Capital Assets | $11,307,972 | $11,307,972 |
| **Investments in Capital Assets - Governmental Funds By Source**: | | |
| General Fund | $ 6,784,783 | $ 6,784,783 |
| Capital Projects Fund | 4,523,189 | 4,523,189 |
| | $11,307,972 | $11,307,972 |

# OTHER REPORTING SECTION

J. Terry Gordon & Co.
Certified Public Accountants

40 Technology Parkway South
Suite 250
Norcross, Georgia 30092
770 449-4921
770 242-6474 Fax

Member of American Institute of Certified Public Accountants

Member of Georgia Society of Certified Public Accountants

To The Honorable Mayor and City Council
City of Berkeley Lake, Georgia

## 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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund of the City of Berkeley Lake, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Berkeley Lake, Georgia's basic financial statements, and have issued our report thereon dated June 30, 2020.

### Internal Control Over Financial Reporting

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Berkeley Lake, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

J. Terry Gordon & Co.

J. TERRY GORDON & CO.
Certified Public Accountants
Norcross, Georgia

June 30, 2020

J. Terry Gordon & Co.
Certified Public Accountants

40 Technology Parkway South
Suite 250
Norcross, Georgia 30092
770 449-4921
770 242-6474 Fax

Member of American Institute of Certified Public Accountants

Member of Georgia Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council

**CITY OF BERKELEY LAKE, GEORGIA**

Report on the Schedule of Projects Financed with Special Purpose Local Option Sales Tax

We have audited the accompanying Schedule of Projects Financed with Special Purpose Local Option Sales Tax of the City of Berkeley Lake, Georgia, as of and for the year ended December 31, 2019.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Schedule of Projects Financed with Special Purpose Local Option Sales Tax 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 an opinion on the Schedule of Projects Financed with Special Purpose Local Option Sales Tax based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Projects Financed with Special Purpose Local Option Sales Tax, 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 Schedule of Projects Financed with Special Purpose Local Option Sales Tax in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule of Projects Financed with Special Purpose Local Option Sales Tax.

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

**Opinion**

In our opinion, the Schedule of Projects Financed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the fund of the City of Berkeley Lake, Georgia, as of December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.



J. TERRY GORDON & CO.
Certified Public Accountants
Norcross, Georgia

June 30, 2020

# CITY OF BERKELEY LAKE, GEORGIA

## SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX

## FOR THE YEAR ENDED DECEMBER 31, 2019

| Project | Estimated Cost | | Expenditures | | |
|---|---|---|---|---|---|
| | Original | Current | Prior Year | Current Year | Total |
| 2009 SPLOST Referendum: | | | | | |
| Streets, Roads & Bridges | $ 659,128 | $ 659,128 | $ 850,072 | $ - | $ 850,072 |
| Administrative Facilities | 988,692 | 983,459 | 652,761 | - | 652,761 |
| Total | $1,647,820 | $1,642,587 | $1,502,833 | $ - | $1,502,833 |
| 2014 SPLOST Referendum: | | | | | |
| Streets, Roads & Bridges | $ 562,988 | $1,038,238 | $ 974,866 | $ 38,902 | $1,013,768 |
| Total | $ 562,988 | $1,038,238 | $ 974,866 | $ 38,902 | $1,013,768 |