CITY OF BERKELEY LAKE, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JAMES L. WHITAKER, P.C.
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SNELLVILLE, GEORGIA 30078

CITY OF BERKELEY CITY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Berkeley Lake, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of City of Berkeley Lake, Georgia (the City) as of and for the year ended December 31, 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of December 31, 2020 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berkeley Lake, Georgia's basic financial statements. The individual fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and budgetary schedules 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 statement 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 individual fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated September 21, 2021 on our consideration of City of Berkeley Lake, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Berkeley Lake, Georgia's internal control over financial reporting and compliance.

James L. Whitaker, P.C.

Snellville, Georgia
September 21, 2021

CITY OF BERKELEY LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Berkeley Lake, we offer readers of the City of Berkeley Lake's financial statements this narrative overview and analysis of the financial activities of the City of Berkeley Lake for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented in this analysis with their review of the financial statements.

Financial Highlights

- The assets of the City of Berkeley Lake exceeded its liabilities at December 31, 2020 by $13,349,042. Of this amount unrestricted net position of $2,754,373 may be used to meet the government's ongoing obligations to citizens and creditors.

- The total net position decreased by $264,023. The decrease in net position is the result of a major road and street milling and paving project costing approximately $1,000,000.

- As of the close of the current fiscal year, the City of Berkeley Lake's governmental funds reported combined ending fund balances of $3,079,072 a decrease of $239,648 in comparison with the prior year. Of this amount $2,735,346 is unassigned and available for spending; $337,073 is restricted for Capital Outlay and $6,653 is nonspendable and in the form of prepaid expenses.

- At the end of the current year, unassigned fund balance for the general fund was $2,735,346 or 288.4 percent of total General Fund expenditures.

- The City of Berkeley Lake has no long term debt as of December 31, 2020.

- Overall, the City continues to maintain a healthy financial position.

Overview of the Financial Statements

This discussion and analysis are 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 are comprised of 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.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Berkeley Lake's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the city's assets, deferred outflows and liabilities and deferred inflows, with the difference reported as net 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.

The statement of activities presents 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 of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Berkeley Lake include general government, public safety and courts, highways and streets, public improvements, parks and recreation, and community development. The City had no business-type activity as of and for the year ended December 31, 2020..

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. All of the funds of the City of Berkeley Lake are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains three major governmental funds. The City's major governmental funds are the General Fund, the 2014 Special Purpose Local Option Sales Tax Fund and the 2017 Special Purpose Local Option Sales Tax Fund (SPLOST). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each major fund. The governmental funds financial statements begin on page 13.

The City of Berkeley Lake adopts an annual budget for its General Fund and a project-length budget for its SPLOST Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the FY 20 budget. The budgetary comparison statements begin on page 17.

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 begin on page 18.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of individual fund financial statements / schedules beginning on page 34.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2020, the City's assets exceeded liabilities by $13,349,042. The City's net position reflects its net investment in capital assets $10,257,596 (76.9 percent). Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position of $13,349,042, $337,073 (2.5 percent) is restricted for capital projects and $2,754,373 (20.6 percent) is unrestricted.

City of BERKELEY City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 3,202,047	$ 3,425,696	$ -	$ -	$ 3,202,047	$ 3,425,696
Capital assets	10,257,596	10,613,492	-	-	10,257,596	10,613,492
Total assets	13,459,643	14,039,188	-	-	13,459,643	14,039,188
Current liabilities	110,601	106,976	-	-	110,601	106,976
Long-term liabilities	-	-	-	-	-	-
Total liabilities	110,601	106,976	-	-	110,601	106,976
Net Position:						
Net investment in capital assets	10,257,596	10,613,492	-	-	10,257,596	10,613,492
Restricted	337,073	1,033,048	-	-	337,073	1,033,048
Unrestricted	2,754,373	2,285,672	-	-	2,754,373	2,285,672
Total Net Position	$ 13,349,042	$ 13,932,212	$ -	$ -	$ 13,349,042	$ 13,932,212

A portion of the net position (2.5 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position ($2,754,373) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Berkeley Lake is able to report positive balances in all three categories of net position. The same held true for the prior fiscal year.

Governmental activities. Governmental activities decreased the City's net position by $264,023. Key elements of this increase are as follows:

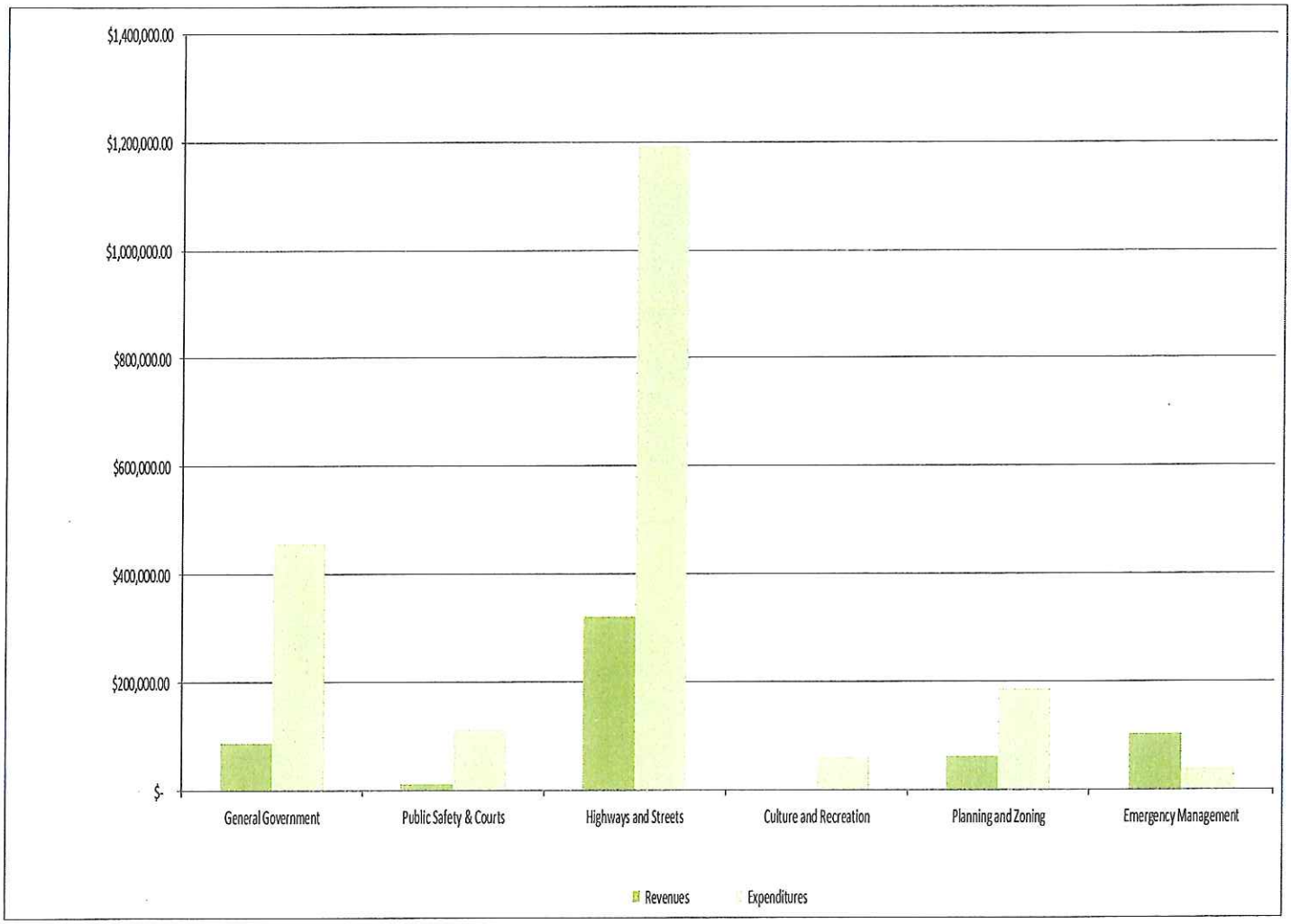
City of BERKELEY City's Change in Net Position
For The Years Ended December 31, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues -						
Charges for services	$ 99,472	$ 185,944	$ -	$ -	$ 99,472	$ 185,944
Operating grants and contributions	123,953	-	-	-	123,953	-
Capital grants and contributions	363,657	368,955	-	-	363,657	368,955
General Revenues-						
Property taxes	488,905	461,936	-	-	488,905	461,936
Insurance premium tax	148,175	140,164	-	-	148,175	140,164
Franchise taxes	233,373	236,468	-	-	233,373	236,468
Other taxes	101,787	63,662	-	-	101,787	63,662
Intergovernmental	200,000	-	-	-	200,000	-
Interest	18,403	37,181	-	-	18,403	37,181
Other	3,086	6,031	-	-	3,086	6,031
	1,780,811	1,500,341	-	-	1,780,811	1,500,341
Expenses:						
General government	456,240	428,661	-	-	456,240	428,661
Public safety and courts	111,506	131,353	-	-	111,506	131,353
Highways and strees	1,191,305	120,641	-	-	1,191,305	120,641
Culture and recreation	59,966	12,136	-	-	59,966	12,136
Planning and zoning	186,625	152,481	-	-	186,625	152,481
Emergency management	39,192	-	-	-	39,192	-
	2,044,834	845,272	-	-	2,044,834	845,272
Increase (decrease) in Net Position before transfers	(264,023)	655,069	-	-	(264,023)	655,069
Transfers	-	-	-	-	-	-
Increase (decrease) in Net Position	(264,023)	655,069	-	-	(264,023)	655,069
Net Position - beginning of year, adjusted	13,613,065	13,277,143	-	-	13,613,065	13,277,143
Net Position - end of year	$ 13,349,042	$ 13,932,212	$ -	$ -	$ 13,349,042	$ 13,932,212

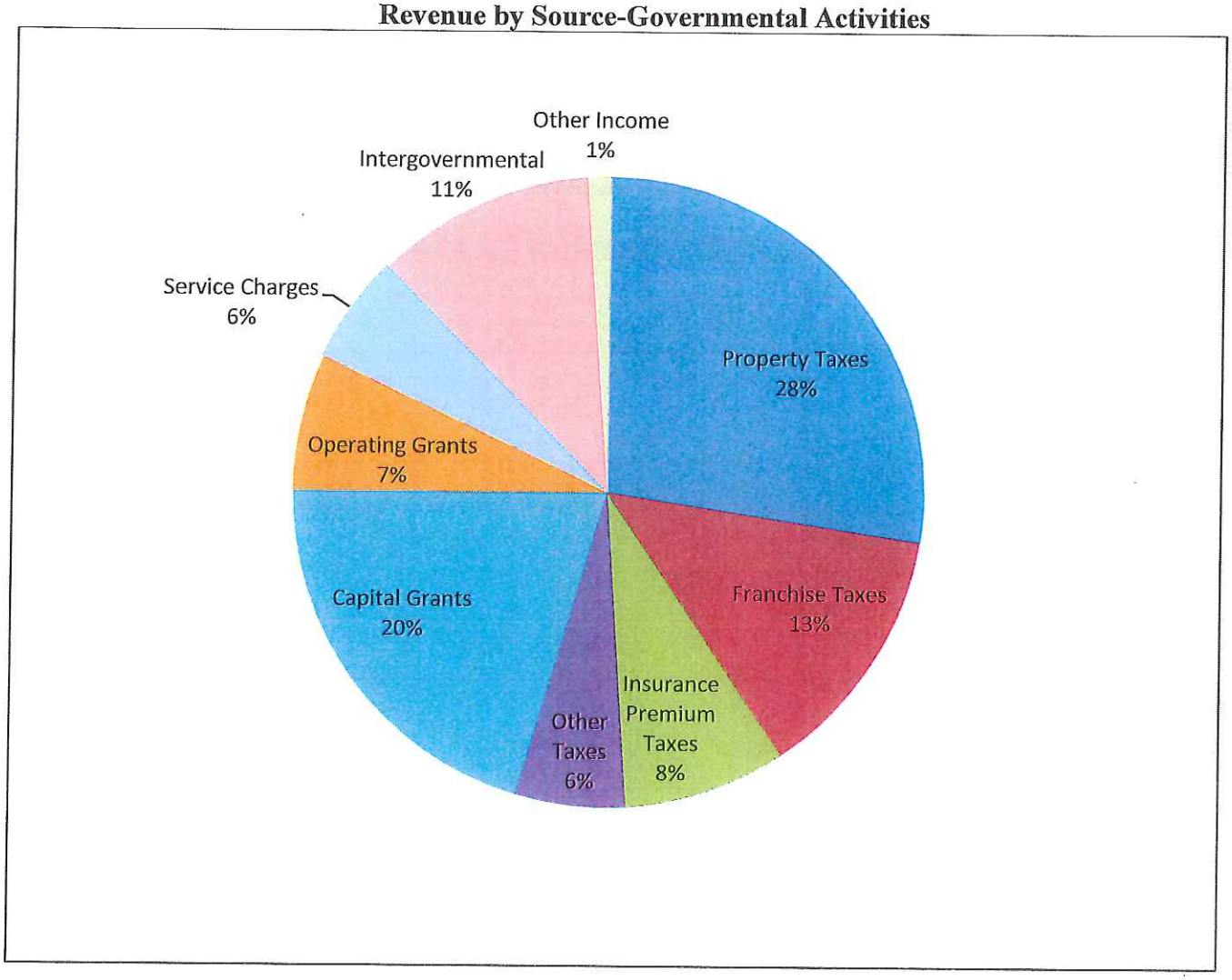
Note – The beginning net position for the year ended December 31, 2020 was adjusted $(319,147) to record accumulated depreciation on the City's dam and to adjust balances in the capital accounts to match the City's depreciation schedule as of December 31, 2019.

- Revenues increase approximately $280,000 for f/y 2020 over f/y 2019. The most significant increase occurred in operating grants of $123,953 and in intergovernmental revenues of $200,000. Operating grants included $102,813 of Cares Act funds and $21,140 of LMIG funds. The $200,000 intergovernmental revenue was provided by Gwinnett County as a result of the Service Delivery Strategy agreement.
- Expenses increased approximately $1,199,500 which is the result of a major road and street milling and paving project costing approximately $1,000,000 and $33,000 for depreciation of the City's dam. The City also expended $39,192 of the Cares Act funds for supplies and $65,000 for capital expenditures to help prevent the spread of the Covid-19 virus.

Expenses and Program Revenues-Governmental Activities



Revenue by Source-Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental Funds. The purpose of the City's governmental fund financial statements is 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 fiscal year.

At December 31, 2020 the City's governmental funds reported combined ending fund balances of $3,079,072. Of this amount, $2,735,346 (88.9 percent) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because $337,073 is restricted for Capital Outlay and $6,653 is non-spendable consisting of prepaid expenses.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,735,346 while the total fund balance totaled $2,741,999. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 288.4 percent of the total general fund expenditures, while total fund balance represents 289.1 percent of that same amount.

During the current fiscal year, the fund balance of the City's general fund increased by $456,327 which can be attributed to an increase in revenues from the Cares Act Grant of $102,800 and a grant from Gwinnett County in the amount of $200,000 from the Service Deliver Strategy agreement. Expenditures increase approximately $206,000 which included Covid-19 prevention expenditures from the Cares Act Grant of $106,000 and the General Fund paid approximately $25,000 of the major street and road improvements.

The SPLOST Funds are used to account for the acquisition and construction of major capital outlays for equipment, facilities and improvements that were approved by the voters of Gwinnett County, Georgia through the special purpose local option sales tax referendums. During f/y 2020 the SPLOST funds spent $1,059,000 on street improvement and drainage projects.

General Fund Budgetary Highlights

The original budget adopted this fiscal year totaled $989,880. The budget was amended to increase revenues $410,000 which included increases in property and franchise taxes and government grants to account for the Cares Act Grant and the grant from Gwinnett County.

Many of the departmental expenditures were decreased due to the uncertainty over the effects of the Covid-19 virus. However, the emergency management budget was created with a budget of $103,000 to account for the expenditures from the Cares Act Grant.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets at December 31, 2020 amounts to $10,257,596 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks. In 2020, the City purchased 1) a 2020 Ford Explorer for $36,832; 2) a KIPP 660 wide-format printer for $23,020 and 3) computer equipment costing $6,733.

Additional information on the City's capital assets can be found in note 10 on page 30 of this report.

Long-term obligations. At the end of the current fiscal year, the City had no outstanding long-term obligations.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Berkeley Lake is approximately $22,000,000.

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, 2021. Budget calculations were based on, but not limited to, the following:

1. New residential development continues to slow based upon the number of undeveloped lots in the city; in spite of that fact Building Permit Fees and associated Regulatory Fees were increased by 65% based upon the early 2020 trend in response to people working from home and desiring to make more improvements thereto.

2. The City continues to expend general funds in the operation of its own storm water management program.

3. The city expected to set a millage rate slightly less than the roll-back rate during 2021, however due to uncertainty surrounding COVID-19, the city has decided to set the 2021 millage rate at the roll-back rate.

4. Motor Vehicle Ad Valorem taxes continue to drop as expected as vehicles taxed under that plan age out of service.

5. Insurance Premium Taxes were increased by 9% in the 2021 budget over the actuals from 2019 in anticipation of added revenues due to premium increases.

6. Planning & Zoning expenses were decreased by 11.4% based highly upon a reduction from prior year duplicate staffing for the handover of that function from prior personnel to current staffing

Requests for Information

This financial report is designed to provide a general overview of the City of Berkeley Lake's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 368-9484 or at the following address:

City Administrator
City of Berkeley Lake
4040 South Berkeley Lake Road
Berkeley Lake, GA 30096

CITY OF BERKELEY CITY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 1,167,975	$ -	$ 1,167,975
Investments	1,500,628	-	1,500,628
Receivables, net			
Taxes	189,718	-	189,718
Due from other governments	68,508	-	68,508
Prepaid expenses	6,653	-	6,653
Restricted assets -			
Cash	268,565	-	268,565
Capital assets -			
Non-depreciable capital assets	4,791,413	-	4,791,413
Other capital assets, net of depreciation	5,466,183	-	5,466,183
Total Assets	13,459,643	-	13,459,643
Deferred Outflows			
Deferred outlflows	-	-	-
Total Assets and Deferred Outflows	13,459,643	-	13,459,643
LIABILITIES			
Accounts payable -			
Trade	23,330	-	23,330
Accrued expenses -			
Salaries	50,230	-	50,230
Other	16,953	-	16,953
Unearned items	20,088	-	20,088
Total Liabilities	110,601	-	110,601
Deferred inflows			
Deferred inflows	-	-	-
Total Liabilities and Deferred Inflows	110,601	-	110,601
NET POSITION - Adjusted			
Net investment in capital assets	10,257,596	-	10,257,596
Restricted for:			
Capital outlay	337,073	-	337,073
Unrestricted	2,754,373	-	2,754,373
Total Net Position	$ 13,349,042	$ -	$ 13,349,042

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

CITY OF BERKELEY CITY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	$ 456,240	$ 37,227	$ -	$ 50,859
Courts	330	-	-	-
Public Safety	111,176	-	-	12,715
Highways and Streets	1,191,305	-	21,140	300,083
Park Areas	59,966	-	-	-
Planning and Zoning	186,625	62,245	-	-
Emergency Management	39,192	-	102,813	-
Total Governmental Activities	2,044,834	99,472	123,953	363,657
Business-Type Activities:	-	-	-	-
Total Primary Government	$ 2,044,834	$ 99,472	$ 123,953	$ 363,657

General Revenues:
Taxes:
Property taxes
Motor vehicle
Transfer taxes
Alcohol beverage taxes
Franchise taxes
Business and occupational taxes
Insurance premium taxes
Other
Intergovernmental
Investment earnings
Miscellaneous
Total General Revenues
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position - beginning, adjusted

Net Position - ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (368,154)	$ -	$ (368,154)
(330)	-	(330)
(98,461)	-	(98,461)
(870,082)	-	(870,082)
(59,966)	-	(59,966)
(124,380)	-	(124,380)
63,621	-	63,621
(1,457,752)	-	(1,457,752)
-	-	-
(1,457,752)	-	(1,457,752)
408,778	-	408,778
80,127	-	80,127
10,394	-	10,394
31,522	-	31,522
233,373	-	233,373
57,906	-	57,906
148,175	-	148,175
1,965	-	1,965
200,000	-	200,000
18,403	-	18,403
3,086	-	3,086
1,193,729	-	1,193,729
-	-	-
1,193,729	-	1,193,729
(264,023)	-	(264,023)
13,613,065	-	13,613,065
$ 13,349,042	$ -	$ 13,349,042

CITY OF BERKELEY CITY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	MAJOR FUNDS			
	GENERAL	2014 SPLOST	2017 SPLOST	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	$ 1,167,975	$ 39,731	$ 228,834	$ 1,436,540
Investments	1,500,628	-	-	1,500,628
Receivables -				
Taxes, net	189,718	-	-	189,718
Due from other governments	-	-	68,508	68,508
Prepaid expenses	6,653	-	-	6,653
Total Assets	$ 2,864,974	$ 39,731	$ 297,342	$ 3,202,047
Liabilities:				
Accounts payable -				
Trade	$ 23,330	$ -	$ -	$ 23,330
Accrued expenses -				
Salaries	50,230	-	-	50,230
Other	16,953	-	-	16,953
Unearned revenues	20,088	-	-	20,088
Total Liabilities	110,601	-	-	110,601
Deferred Inflows of Resources				
Unavilable revenues	12,374	-	-	12,374
Fund Balances:				
Nonspendable	6,653	-	-	6,653
Restricted -				
Capital outlay	-	39,731	297,342	337,073
Law enforcement activities		-	-	-
Assigned for appropriation for next year's budget	-	-	-	-
Unassigned	2,735,346	-	-	2,735,346
Total Fund Balances	2,741,999	39,731	297,342	3,079,072
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 2,864,974	$ 39,731	$ 297,342	$ 3,202,047

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

CITY OF BERKELEY CITY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances -- total governmental funds	$	3,079,072
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,257,596
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		12,374
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Capital lease		-
Net position of governmental activities.	$	13,349,042

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

CITY OF BERKELEY CITY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	MAJOR FUNDS			
	GENERAL	2014 SPLOST	2017 SPLOST	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	$ 959,866	$ -	$ -	$ 959,866
Business licenses and permits	93,628	-	-	93,628
Intergovernmental	323,952	-	358,856	682,808
Charges for services	5,845	-	-	5,845
Fines and forfeitures	-	-	-	-
Investment income	18,403	382	3,419	22,204
Miscellaneous	3,086	-	1,000	4,086
Total Revenues	1,404,780	382	363,275	1,768,437
EXPENDITURES:				
Current -				
General Government	400,149	-	-	400,149
Municipal Court	330	-	-	330
Public Safety	111,176	-	-	111,176
Highways and Streets	131,672	-	-	131,672
Park Areas	14,779	-	-	14,779
Planning and Zoning	186,625	-	-	186,625
Emergency Management	37,137	-	-	37,137
Capital Outlay -				
General Government	-	880	-	880
Municipal Court	-	-	-	-
Public Safety	-	-	-	-
Highway and Streets	-	99,190	959,562	1,058,752
Park Areas	-	-	-	-
Emergency Management	66,585	-	-	66,585
Total Expenditures	948,453	100,070	959,562	2,008,085
Excess (deficiency) of revenues over expenditures	456,327	(99,688)	(596,287)	(239,648)
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balances	456,327	(99,688)	(596,287)	(239,648)
Fund balances - beginning	2,285,672	139,419	893,629	3,318,720
Fund balances - ending	$ 2,741,999	$ 39,731	$ 297,342	$ 3,079,072

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

CITY OF BERKELEY CITY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances -- total governmental funds	$	(239,648)
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.		
Capital outlay		66,584
Depreciation expense		(103,333)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax		12,374
Fines		-
Motor vehicle Tax		-
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayments of principal		-
Proceeds from debt issues		-
Net effect of transactions involving capital assets (sales, dispositions)		-
Change in net position of governmental activities.	$	(264,023)

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

CITY OF BERKELEY CITY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Taxes	$ 889,993	$ 959,866	$ 959,866	$ -
Licenses and permits	42,903	93,628	93,628	-
Intergovernmental	24,285	323,952	323,952	-
Charges for services	1,881	5,845	5,845	-
Fines and forfeitures	-	-	-	-
Investment earnings	34,800	18,403	18,403	-
Miscellaneous	400	3,086	3,086	-
Total Revenues	994,262	1,404,780	1,404,780	-
EXPENDITURES:				
General government	481,023	400,149	400,149	-
Municipal court	9,190	330	330	-
Public safety	134,902	111,176	111,176	-
Highways and streets	152,392	131,672	131,672	-
Culture and recreation	20,580	14,779	14,779	-
Planning and zoning	191,793	186,625	186,625	-
Emergency management	-	103,722	103,722	-
Total expenditures	989,880	948,453	948,453	-
Excess of revenues over (under) expenditures	4,382	456,327	456,327	-
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	4,382	456,327	456,327	-
Fund balances - beginning	2,285,672	2,285,672	2,285,672	-
Fund balances - ending	$ 2,290,054	$ 2,741,999	$ 2,741,999	$ -

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

B. The Reporting Entity

The City operates under a council/mayor form of government and provides the following services: public safety, street maintenance, culture and recreation, public improvements and general and administrative services.

Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB No. 61 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City regardless of whether the organization has a separate elected or appointed governing board. Blended component units, although legally separate entities, are, in substance part of the government's operations and are reported with similar funds of the primary government. Since no other entities are controlled by or rely on the City, the reporting entity consist solely of the City.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

C. Basic Financial Statements—Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Since the City only has three funds, the City considers all of the funds to be major funds. The City has no business-type activities.

The government-wide Statement of Net Position presents the financial condition of the governmental activities of the City at year end. The statement is presented on a consolidated basis and is reported on a full accrual, flow of economic resource measurement basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The City does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

The net costs (by function) are normally covered by general revenue (property, sales or use taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

D. Basic Financial Statements-Fund Financial Statements

The financial transactions of the city are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column. Since the City has only three funds, the City considers all the funds to be major funds. The various funds are grouped, in the financial statements in this report, into the following fund types:

Governmental Fund Types – Governmental funds are those through which most governmental functions of the City 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. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – Capital Project Funds are used to account for the acquisition and construction of major capital facilities and improvements other than those financed by proprietary funds and trust funds. The SPLOST Funds are used by the City to account for acquisition and construction of major capital facilities that were approved by the voters of Gwinnett County, Georgia through the 2014 and 2017 special purpose local option sales tax referendums.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Government-wide financial statements are presented on the accrual basis of accounting.. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Those revenues susceptible to accrual are taxes, state and federal grants, fines, interest revenue and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, penalties and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as unavailable revenues.

F. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a current financial resources measurement focus. 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 on 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 government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide and the statements for governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

G. Cash and Cash Equivalents

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.

H. Investments

The City's investments consist of certificates of deposit with a maturity date of three months or greater from the date of purchase and the State of Georgia's Georgia Fund 1. For reporting purposes, all investments are recorded at fair value.

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2020

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items in external pools that are not SEC-registered; c) items subject to involuntary participation in an external pool; and, d) items associated with a fund other than the fund to which the income is assigned.

The City's policy is to hold investments until maturity.

I. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

J. Prepaid Expenses

Payments made to vendors for service that will benefit periods beyond December 31, 2020 are recorded as prepaid items and are expensed during the period benefited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

K. Capital Assets

Capital assets purchased or acquired with an original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	25 years
Machinery and equipment	5-10 years
Furniture and fixtures	5-20 years
Computers and peripherals	7-10 years
Infrastructure	50-100 years

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the year GASB 34 is implemented. Infrastructure assets include roads, bridges, dams, underground pipe (other than related to utilities), traffic signal, etc. The City, in accordance with GASB No. 34 requirements, has elected to record infrastructure assets prospectively. Therefore, infrastructure assets that have not been recorded on the books of the City, such as streets and drainage systems, purchased or constructed by the City prior to January 1, 2002, will not be reported as capital assets in the City's financial statements.

L. Accrued Liabilities and 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.

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 liability 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.

M. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

N. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

O. Compensated Absences

The City accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

P. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Q. Capitalization of Interest

The City does not capitalize interest cost incurred during the construction period to finance the construction of capital assets.

R. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all of the City's funds. Public hearings are conducted to obtain taxpayer comments. The operating budget includes proposed expenditures and the means of financing them. Formal budgetary integration is employed as a management control device during the year.

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

1. The City Administrator presents a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. Any revisions that increase expenditures of any department must be approved by City Council.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets are as originally approved by city council or as last amended.
6. Unexpended budget appropriations at year-end lapse.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

S. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditures) until then. The government has no items that qualifie for reporting in this category as of December 31, 2020.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.

T. Net Position

Net Position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City's government-wide statement of net position reports $337,073 of restricted net position, all of which are restricted by enabling legislation.

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

U. Fund Equity – Governmental Funds

As of December 31, 2020, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City of Berkeley Lake's Council. Berkeley Lake's Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council prior to end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

U. Fund Equity – Governmental Funds – (Continued):

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes through passage of a resolution. Unlike commitments, assignments generally only exist temporarily and do not normally have to have an additional action taken for their removal.

Unassigned – all other spendable amounts.

As of December 31, 2020, fund balances are composed of the following:

	Non-Spendable Prepaids	Capital Outlays	Unassigned	Total
General Fund	$ 6,653	$ -	$ 2,735,346	$ 2,741,999
SPLOST Fund	-	337,073	-	337,073
Total	$ 6,653	$ 337,073	$ 2,735,346	$ 3,079,072

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

V. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's formal investment policy follows State of Georgia requirements which require all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits. As of December 31, 2020, $927,965 of the City's bank balance of $1,177,965 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ -
Collateralized with securities held by the pledging financial institution or its agent	927,965
Total	$ 927,965

Investments

The City follows the State of Georgia investment requirements which authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, the local government investment pool established by state law, direct and agency obligations of the State of Georgia, and direct obligations issued or guaranteed by the U.S. Government or by a government agency of the United States.

Investments as of December 31, 2020 were as follows:

Investments	Maturities	Fair Value
Georgia Fund 1	54 days average	$ 1,500,628
		$ 1,500,628

As of December 31, 2020, the City's investment in the Georgia Fund 1 was rated AAAf by Standard and Poor's.

"Georgia Fund 1" created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAf rated money market funds. 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. The fund is managed by the Georgia Office of the State Treasury (OST). OST is guided by the policies of the State Depository Board and OCGA 55-17-2 and 50-17-63.

3. PROPERTY TAX

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 the 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. Property taxes receivable as of December 31, 2020 was $30,661.

4. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	2017 SPLOST	Total
Taxes	$ 189,718	$ -	$ 189,718
Due from other governments	-	68,508	68,508
Gross Receivables	189,718	68,508	258,226
Less: Allowance for Uncollectibles	-	-	-
Total	$ 189,718	$ 68,508	$ 258,226

5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues and receivables reported in the fund financial statements for the year ended December 31, 2020 consist of the following:

	Revenues	Receivables
General Fund		
CARES Act Grant	$ 102,812	$ -
LMIG	21,140	-
Gwinnett County	200,000	-
2017 SPLOST Fund		
Gwinnett County - SPLOST	358,856	68,508
Total	$ 682,808	$ 68,508

(See Independent Auditor's Report)

6. INTER-FUND TRANSACTIONS

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 activities, also within business-type activities. Transfers are eliminated in the governmental fund group or business-type fund group.

There were no interfund transfers or receivables as of or for the year ended December 31, 2020.

7. CONTINGENCIES AND LITIGATION:

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.

At present, the City's management is not aware of any pending or threatened litigation that would have a material financial effect on the City's financial condition.

8. JOINT VENTURE

Under Georgia law, the city, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). Membership in this organization is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The ARC Board membership includes the chief elected official of each county, one representative for all the cities in a member county and 15 citizen representatives. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from:

Atlanta Regional Commission
3715 Northside Parkway
Building 200, Suite 300
Atlanta, Georgia 30327

9. LONG-TERM DEBT AND OTHER OBLIGATIONS

The City had no long term debt or other long-term obligations or related transactions as of and for the year ended December 31, 2020.

(See Independent Auditor's Report

10. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 4,791,413	$ -	$ -	$ 4,791,413
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	-	-	-	4,791,413
Capital assets being depreciated:				
Buildings	1,775,394	-	-	1,775,394
Improvements other than buildings	4,518,712	-	-	4,518,712
Machinery and equipment	110,036	36,832	(23,727)	123,141
Furniture and fixtures	69,012	-	-	69,012
Computers and peripherals	52,501	29,752	(7,305)	74,948
Total capital assets being depreciated	6,525,655	66,584	(31,032)	6,561,207
Less accumulated depreciation for:				
Buildings	484,046	45,523	-	529,569
Improvements other than buildings	334,444	45,187	-	379,631
Machinery and equipment	99,255	5,668	(23,727)	81,196
Furniture and fixtures	69,012	-	-	69,012
Computers and peripherals	35,966	6,955	(7,305)	35,616
Total accumulated depreciation	1,022,723	103,333	(31,032)	1,095,024
Total capital assets being depreciated, net	5,502,932	(36,749)	-	5,466,183
Governmental capital assets, net	$ 5,502,932	$ (36,749)	$ -	$ 10,257,596

The beginning balances of capital assets and the related accumulated depreciation were adjusted as discussed in Note 13.

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

General government	$ 56,090
Emergency management	2,056
Park areas	45,187
Total depreciation expense	$ 103,333

(See Independent Auditor's Report)

11. 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%

City contributions for the year ended December 31, 2020 amounted to $66,624. Plan members contributed $47,078 for the year ended December 31, 2020.

12. RISK MANAGEMENT

The City of Berkeley Lake is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risks 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' agent 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 governments' contracts and in accordance with the workers' compensation laws 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.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:	
Buildings and Contents (Blanket)	$ 1,245,500
Automobile Physical Damage	Per Application on file with GIRMA
COVERAGE DESCRIPTION – CASUALTY:	
Comprehensive General Liability	$ 2,000,000
Automobile Liability	$ 2,000,000
Errors and Omissions (Public Officials) Liability	$ 2,000,000
Employees Benefits Liability	$ 2,000,000
COVERAGE DESCRIPTION – CRIME	
Blanket Bond	$ 500,000
Computer	$ 500,000
Depositors Forgery	$ 500,000
Money and Securities – Loss Inside and Outside the Premises	$ 500,000
DEDUCTIBLE:	
All coverages are subject to a per occurrence deductible of	$ 1,000

COVERAGE EXCEPTIONS: None

13. PRIOR PERIOD ADJUSTMENTS

Prior to fiscal year 2020, the City did not depreciate the City's lake dam that was constructed beginning in fiscal year 2011. City engineers have determined the life of the dam to be 100 years and the cost of the dam amounted to $4,518,712 which has been recorded on the books of the City and reported as land. Beginning in fiscal year 2020, the City has reclassified the cost of the dam as "Improvements other than buildings" and has made the following prior period adjustment to record accumulated depreciation on the dam and to adjust other capital accounts to the City's depreciation schedule balances as of December 31, 2019:

STATEMENT OF ACTIVITIES -

Net Position - December 31, 2019	$ 13,932,212
To record accumulated depreciation on the City's lake dam and to adjust balances in the capital accounts to the City's depreciation schedule as of December 31, 2019.	(319,147)
Net Position - December 31, 2019, adjusted	$ 13,613,065

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures, as a part of the combined statements - overview, of certain information concerning individual funds including-

A. Deficit fund balances or retained earnings balances of individual funds – As of December 31, 2020, no fund of the City had a deficit fund balance.

B. Excess of revenues and expenditures over budget - No Fund incurred expenditures that materially exceeded the corresponding appropriations. Materiality is defined as if over 5 percent and greater than $5,000.

(See Independent Auditor's Report)

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CITY OF BERKELEY CITY, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX FUND
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX - PROJECT LENGTH BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total to Date
PROJECT -					
Capital outlay -					
Administrative Facilities	$ 170,625	$ 170,625	$ 8,827	$ 880	$ 9,707
Streets, Roads & Bridges	863,463	863,463	1,004,941	99,190	1,104,131
Total	$ 1,034,088	$ 1,034,088	$ 1,013,768	$ 100,070	$ 1,113,838

NOTE -

The "Estimated Cost" amounts were adjusted from prior year reports to amounts included in the Intergovernmental Agreement approved by Mayor and Council on August 13, 2013. The "Prior Years" amounts were adjusted from the prior year audit report to correspond with documentation provided during the 2020 fiscal year audit.

CITY OF BERKELEY CITY, GEORGIA
2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX FUND
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX - PROJECT LENGTH BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total to Date
PROJECT -					
Capital outlay -					
Administrative Facilities	$ 259,710	$ 259,710	$ -	$ -	$ -
Public Safety Facilities and Equipment	64,927	64,927	-	-	-
Streets, Roads & Bridges and Related Equipment	1,530,432	1,530,432	-	959,562	959,562
Total	$ 1,855,069	$ 1,855,069	$ -	$ 959,562	$ 959,562

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