CITY OF CENTERVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Page(s)
I. FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 – 13
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	20
Proprietary Funds:	
Statement of Net Position – Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23 - 24
Fiduciary Fund:	
Statement of Fiduciary Assets and Liabilities – Agency Fund	25
Notes to Financial Statements	26 - 54
REQUIRED SUPPLEMENTARY INFORMATION -	
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios	55
Schedule of Contributions	56
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	58
Statement of Changes in Assets and Liabilities – Agency Fund	59

CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Page(s)
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Confiscated Assets – Special Revenue Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Center Park – Special Revenue Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – LMIG Grant – Capital Project Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – SPLOST – Capital Projects Fund	63

II. COMPLIANCE SECTION

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	64
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*	65 - 66
Schedule of Findings and Responses	67 - 68

I. FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**
- **BASIC FINANCIAL STATEMENTS**
- **REQUIRED SUPPLEMENTARY INFORMATION**
- **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

NICHOLS, CAULEY & ASSOCIATES, LLC
400 Corder Road
Warner Robins, Georgia 31088
478-929-3888 FAX 478-923-7896
warnerrobins@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of Centerville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Centerville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Centerville's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in net pension liability (asset) and the schedule of contributions on pages 4 through 13 and 55 and 56 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 Centerville's basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 on our consideration of the City of Centerville'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 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 Centerville's internal control over financial reporting and compliance.

Nichols, Cauley & Associates, LLC

Warner Robins, Georgia
December 4, 2020

As management of the City of Centerville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Centerville for the fiscal year ended June 30, 2020. Please review in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows exceeded the City's liabilities and deferred inflows in the amount of $26,085.2 thousand for the governmental activities and $10,571.7 thousand for the business-type activities for a total net position of $36,656.9 thousand. This is in comparison to prior year total net position of $35,235.0 thousand and reflects an increase of $1,421.9 thousand in net position.

In the Government-wide statement of activities, revenues and expenses for the governmental activities were $6,623.9 thousand and $5,312.0 thousand, respectively, with a change in net position of $1,311.9 thousand. This is compared with prior year revenues of $5,161.9 thousand and expenses of $4,747.7 thousand, respectively.

In the Government-wide statement of activities, revenues and expenses for the business-type activities were $3,783.0 thousand and $3,673.0 thousand with a change in net position of $109.9 thousand. This is compared with prior year revenues and expenses of $3744.8 thousand and $3,032.3 thousand.

In the fund financial statements, the City's governmental funds reported a combined ending fund balance of $3,635.9 thousand in comparison with prior years combined ending fund balance of $4,264.7 thousand, a decrease of $628.8 thousand.

As of June 30, 2020, general fund unassigned fund balance was $2,418.4 thousand or 42% of general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Centerville's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information, in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements are comparable to the reporting requirements of private sector businesses and provide financial information about the City as a whole.

The Statement of Net Position presents information on all the City's assets and deferred outflows and liabilities and deferred inflows with the difference reported as net position. This increase or decrease in net position serves as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing the change in the City's net position in the most recent fiscal year. Revenues and expenses are recognized on the accrual basis of accounting regardless of the timing of related cash flow.

The City of Centerville divides the Statement of Net Position and Statement of Activities into two types of activities:

- Governmental Activities - The City's basic services are accounted for in this section, including public safety (police, fire, probation and animal control), streets, culture-recreation, housing and development, public improvements, planning and zoning, judicial and general administration. These activities are supported by property taxes, franchise fees, business licenses, alcohol licenses, building permits and federal and state grants.

- Business-type activities - The City provides water and sewer services, sanitation services and storm water utility services to the residents of Centerville. Fees for these services fund and support the costs of billings, activation of new customer accounts, reading of meters, supplies and routine repairs and maintenance.

FUND FINANCIAL STATEMENTS

A fund is a group 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, use fund accounting to ensure and demonstrate finance-related legal compliance. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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, one may better understand the long- term impact of the City'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 the comparison between governmental activities and governmental funds.

  Governmental funds include the general fund, special revenue funds and capital project funds.

  Budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the City's adopted and final revised budget. These governmental fund statements can be found on page 16-20.

- **Proprietary Funds**: The City of Centerville maintains three proprietary funds, all of which are enterprise funds. Enterprise funds report the same activity as the business type activities in the government-wide financial statements. The City accounts for the water and sewer service, sanitation service and storm water utility service through its enterprise funds. Refer to pages 21-24 for proprietary fund statements.

- **Fiduciary Funds**: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund: The Municipal court fund. The fiduciary fund financial statement can be found on page 25.

- **Notes to the Financial Statements:** Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statement can be found on page 26 through 54 of this report.

- **Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's net pension asset or liability and the City contributions. Required supplementary information can be found on pages 55 and 56 of this report.

- **Other Supplementary Information**: In addition to the basic financial statements and accompanying notes, this report also presents individual and combining nonmajor fund financial statements. These may be found beginning on page 57.

Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by $36,656.9 thousand, which is an increase of $1,421.9 thousand or 4.0% from fiscal year 2019.

City of Centerville, Georgia's Net Position
June 30, 2020 and 2019
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 3,922.6	$ 4,557.8	$ 5,071.6	$ 4,893.7	$ 8,994.2	$ 9,451.5
Capital assets	22,029.1	20,180.2	5,857.2	5,929.0	27,886.3	26,109.2
Net pension asset	437.8	723.4	73.9	180.8	511.7	904.2
Total assets	26,389.5	25,461.4	11,002.7	11,003.5	37,392.2	36,464.9
Deferred outflows of resources	187.3	170.5	46.8	26.9	234.1	197.4
Current and other liabilities	347.7	432.0	442.9	438.8	790.6	870.8
Noncurrent liabilities	56.1	42.4	13.0	9.3	69.1	51.7
Total liabilities	403.8	474.4	455.9	448.1	859.7	922.5
Deferred inflows of resources	87.8	384.1	21.9	120.6	109.7	504.7
Net position:						
Net investment in capital assets	21,936.2	20,146.9	5,857.2	5,929.0	27,793.4	26,075.9
Restricted	1,247.2	929.5	--	--	1,247.2	929.5
Unrestricted	2,901.8	3,697.0	4,714.5	4,532.7	7,616.3	8,229.7
Total net position	$ 26,085.2	$ 24,773.4	$ 10,571.7	$ 10,461.7	$ 36,656.9	$ 35,235.1

As a whole the City of Centerville assets and deferred outflows exceeded liabilities and deferred inflows by $36,656.9 thousand at the close of fiscal year June 30, 2020. Of the $36,656.9 thousand in total net position, $27,793.4 thousand or 75.8% reflects net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment), $1,247.2 thousand or 3.4% is restricted net position and $7,616.3 thousand or 20.8% is unrestricted net position.

Changes in Net Position

The following table provides a comparison for the changes in the net position in governmental and business type activities for the fiscal years ended June 30, 2020 and 2019.

City of Centerville, Georgia's Changes in Net Position
For the Years Ended June 30, 2020 and 2019
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	$ 516.6	$ 690.4	$ 2,316.2	$ 3,567.4	$ 2,832.8	$ 4,257.8
Operating grants and contributions	10.6	15.5	1,123.1	--	1,133.7	15.5
Capital grants and contributions	1,774.5	942.0	239.4	--	2,013.9	942.0
General revenues:						
Property taxes	2,450.8	2,402.7	--	--	2,450.8	2,402.7
Other taxes	1,161.7	1,156.1	--	--	1,161.7	1,156.1
Interest income	0.3	0.1	1.7	1.1	2.0	1.2
Other general revenues	21.4	18.8	102.5	112.6	123.9	131.4
Total revenues	5,935.9	5,225.6	3,782.9	3,681.1	9,718.8	8,906.7
Program expenses:						
General government	749.1	702.2	--	--	749.1	702.2
Municipal court	178.2	178.8	--	--	178.2	178.8
Public safety	3,595.6	3,168.0	--	--	3,595.6	3,168.0
Public works	530.1	551.4	--	--	530.1	551.4
Parks	7.0	0.2	--	--	7.0	0.2
Economic development	251.8	144.7	--	--	251.8	144.7
Interest on long-term debt	0.2	2.4	--	--	0.2	2.4
Business activities:						
Water and sewer	--	--	2,070.4	2,153.9	2,070.4	2,153.9
Sanitation	--	--	854.2	820.7	854.2	820.7
Storm water utility	--	--	60.4	57.7	60.4	57.7
Total expenses	5,312.0	4,747.7	2,985.0	3,032.3	8,297.0	7,780.0
Excess before contributions and transfers	623.9	477.9	797.9	648.8	1,421.8	1,126.7
Transfers	688.0	(63.7)	(688.0)	63.7	--	--
Increase in net position	$ 1,311.9	$ 414.2	$ 109.9	$ 712.5	$ 1,421.8	$ 1,126.7

As a whole, the City of Centerville's net position increased $1,421.8 thousand as of the close of the fiscal year June 30, 2020. Of this increase, $1,311.9 thousand or 92% is attributable to the governmental activities and $109.9 thousand or 8% is attributable to the business-type activities.

FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the City's governmental funds 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 the City's net resources available for spending as of the fiscal year end.

As of the end of fiscal year 2020, the City's governmental funds reported combined ending fund balance of approximately $3,635.9 thousand or a decrease of approximately $628.8 thousand when compared with prior year.

This decrease of fund balance in the amount of $628.8 thousand is comprised of a decrease of $911.9 thousand in the general fund and an increase of $269.8 and $13.3 thousand in the SPLOST fund and non-major governmental funds, respectively.

The General Fund is the chief operating fund of the City. As of June 30, 2020, the total unassigned fund balance of the general fund was $2,418.3 thousand. Unassigned fund balance represents approximately 42% of total general fund expenditures.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted combined net position of the water and sewer fund, sanitation fund and storm water utility fund at the end of fiscal year 2020 amounted to $4,714.5 thousand, an increase of $181.8 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council revisits the budget several times during the year. Differences in expenditures between the original budget and the final amended budget in the general fund amounted to a $1,147.0 thousand increase. General fund actual expenditures of $5,772.3 thousand was 76.5% of the final amended appropriations of $7,544.3 thousand or $1,772.0 thousand less than the final budget.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2020 total $27,886.3 thousand (net of accumulated depreciation). This investment in capital assets includes land, public buildings and improvements, construction in progress, infrastructure, water and sewer improvements, machinery and equipment and furniture and fixtures. The City's capital assets increased $1,777.1 thousand for the fiscal year ended June 30,2020.

Additional information of the City of Centerville's capital assets can be found in Note III-B beginning on page 40 of this report.

Capital Assets at Year-End
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land and improvements	$ 729.3	$ 552.3	$ 816.1	$ 798.5	$ 1,545.4	$ 1,350.8
Construction in progress	2,334.3	4,182.4	--	--	2,334.3	4,182.4
Buildings and improvements	4,057.9	4,164.3	1,865.8	1,859.3	5,923.7	6,023.6
Infrastructure	14,333.6	10,687.5	2,962.6	3,111.2	17,296.2	13,798.7
Equipment	574.0	593.7	212.7	160.0	786.7	753.7
Totals	$ 22,029.1	$ 20,180.2	$ 5,857.2	$ 5,929.0	$ 27,886.3	$ 26,109.2

Management of the City has determined that a re-statement to the beginning balance of the governmental activities is necessary to report prior year capitalized resurfacing projects as repairs and maintenance. This re-statement resulted in the removal of $939.7 thousand book value of assets from infrastructure. The 2019 governmental activities capital assets of $20,180.2 is the re-stated balance.

DEBT MANAGEMENT

The City's long-term obligations for its governmental and business-type activities as of June 30, 2020 totals $226.1 thousand in comparison to $221.1 thousand in the prior year. This change reflects an increase of $5.0 thousand in long-term debt.

Outstanding Long-Term Obligations at Year-End
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Notes and other obligations	$ 184.1	$ 181.3	$ 42.0	$ 39.8	$ 226.1	$ 221.1

Refer to Note III-F beginning on page 45 of this report for additional information on the City's long-term obligations.

ECONOMIC FACTORS AND 2020 BUDGET

The City experienced unprecedented factors in the last quarter of operations due to the on-set of the COVID -19 Virus. The City, however continued with the same level of service and conducted business by way of telephone, email and on-line payments. Essential employees worked on site while other employees worked from home. FY 2020 revenues are slightly less than budgeted due to the waving of less severe fines, cancellation of court and waving of late charges and cut off fees in the utility department.

The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak; possible vaccine; and other related variables, and therefore, the related financial impact and duration cannot be reasonably estimated at this time.

Factors considered in preparation of the Fiscal Year 2021 Budget include:

- No change in millage rate for Centerville residents
- Establish an IT department and hire IT specialist
- Conservative forecast of revenue due to Covid-19 virus
- Completion of construction Center Park (in process)
- Projects for resurfacing of City Streets
- Widening of Church Street (in process)
- Construction New Fire Station - SPLOST 18 Project

As of June 30, 2020, the unemployment rate for the Middle Georgia Region (Houston County) was 6.2% vs the state rate of 7.6%. These rates reflect an increase in comparison to the 2019 unemployment rate of 4.2% in Houston County and the State of Georgia. This increase is due to response to the COVID-19 pandemic.

CONTACT INFORMATION

This report has been created to give our citizens, taxpayers, customers, investors and creditors a summary of City finances and to show how its revenues are used. If you have any questions regarding this report, or if you need additional financial information, please contact:

Carol Harrison, CPA, MBA
City Accountant
300 East Church Street
Centerville, Georgia 31028
Phone: 478-953-4734
Fax: 478-953-4797
cityaccountant@centerville.mgacoxmail.com

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,721,071	$ 4,496,689	$ 8,217,760
Investments	15,342	113,514	128,856
Receivables, net of allowances:			
Taxes	21,171	--	21,171
Accounts	93,084	68,140	161,224
Intergovernmental	36,906	--	36,906
Unbilled accounts	--	310,677	310,677
Inventory, at cost	--	68,531	68,531
Prepaid items	35,055	14,034	49,089
Total current assets	3,922,629	5,071,585	8,994,214
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	3,063,623	816,149	3,879,772
Capital assets, net of accumulated depreciation	18,965,540	5,041,082	24,006,622
Capital assets, net	22,029,163	5,857,231	27,886,394
Net pension asset	437,783	73,941	511,724
Total non-current assets	22,466,946	5,931,172	28,398,118
Total assets	26,389,575	11,002,757	37,392,332
DEFERRED OUTFLOWS OF RESOURCES-			
Deferred outflows related to pensions	187,267	46,818	234,085

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	52,327	79,717	132,044
Retainage payable	92,908	--	92,908
Other liabilities	74,424	21,561	95,985
Customer deposits	--	312,600	312,600
Compensated absences	128,024	29,053	157,077
Total current liabilities	347,683	442,931	790,614
Noncurrent liabilities-			
Compensated absences	56,080	12,997	69,077
Total non-current liabilities	56,080	12,997	69,077
Total liabilities	403,763	455,928	859,691
DEFERRED INFLOWS OF RESOURCES-			
Deferred inflows related to pensions	87,833	21,959	109,792
Total deferred inflows of resources	87,833	21,959	109,792
NET POSITION:			
Net investment in capital assets	21,936,255	5,857,231	27,793,486
Restricted for capital projects	1,051,857	--	1,051,857
Restricted for resurface of streets	87,151	--	87,151
Restricted for law enforcement	27,743	--	27,743
Restricted for park programs	80,462	--	80,462
Unrestricted	2,901,778	4,714,457	7,616,235
Total net position	$ 26,085,246	$ 10,571,688	$ 36,656,934

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental activities:			
General government	$ 749,049	$ 171,001	$ --
Judicial	178,239	267,787	--
Public safety	3,595,638	77,837	10,605
Public works	537,117	--	--
Culture and recreation	1	--	--
Housing and development	251,816	--	--
Interest on long-term debt	175	--	--
Total governmental activities	5,312,035	516,625	10,605
Business-type activities:			
Water and sewer	2,070,377	2,316,273	--
Sanitation	854,215	1,123,112	--
Storm water utility	60,417	239,381	--
Total business-type activities	2,985,009	3,678,766	--
Total primary government	$ 8,297,044	$ 4,195,391	$ 10,605

General revenues:
Property taxes
Intangible
Franchise
Alcoholic beverage tax
Insurance premium tax
Other taxes
Other
Unrestricted investment earnings
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning - as restated
Net position - ending

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
$ 168,600	$ (409,448)	$ --	$ (409,448)
--	89,548	--	89,548
388,907	(3,118,289)	--	(3,118,289)
865,185	328,068	--	328,068
351,828	351,827	--	351,827
--	(251,816)	--	(251,816)
--	(175)	--	(175)
1,774,520	(3,010,285)	--	(3,010,285)
--	--	245,896	245,896
--	--	268,897	268,897
--	--	178,964	178,964
--	--	693,757	693,757
$ 1,774,520	(3,010,285)	693,757	(2,316,528)
	$ 2,450,825	$ --	$ 2,450,825
	47,268	--	47,268
	473,392	--	473,392
	79,949	--	79,949
	542,689	--	542,689
	18,380	--	18,380
	5,132	102,518	107,650
	255	1,739	1,994
	16,235	--	16,235
	688,027	(688,027)	--
	4,322,152	(583,770)	3,738,382
	1,311,867	109,987	1,421,854
	24,773,379	10,461,701	35,235,080
	$ 26,085,246	$ 10,571,688	$ 36,656,934

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 2,551,259	$ 1,051,857	$ 117,955	$ 3,721,071
Investments	15,342	--	--	15,342
Receivables (net of allowances)				
Taxes	21,171	--	--	21,171
Accounts	93,084	--	--	93,084
Intergovernmental	--	36,906	--	36,906
Interfund receivable	125	--	87,151	87,276
Prepaid items	4,910	--	--	4,910
Total assets	$ 2,685,891	$ 1,088,763	$ 205,106	$ 3,979,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 52,327	$ --	$ --	$ 52,327
Retainage payable	58,340	34,568	--	92,908
Interfund payable	87,151	--	125	87,276
Other liabilities	64,799	--	9,625	74,424
Total liabilities	262,617	34,568	9,750	306,935
Deferred inflows of resources				
Unavailable revenue	--	36,906	--	36,906
Fund balances				
Nonspendable	4,910	--	--	4,910
Restricted - capital projects	--	1,017,289	--	1,017,289
Restricted - resurface of streets	--	--	87,151	87,151
Restricted - supplies and equipment	--	--	27,743	27,743
Restricted - park programs	--	--	80,462	80,462
Unassigned	2,418,364	--	--	2,418,364
Total fund balances	2,423,274	1,017,289	195,356	3,635,919
Total liabilities, deferrred inflows of resources and fund balances	$ 2,685,891	$ 1,088,763	$ 205,106	$ 3,979,760

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total governmental fund balance	$ 3,635,919
Amounts reported for governmental activities in the statement of net position are different because:	
Prepaid expenses are reported on the consumption method and therefore are not reported in the governmental funds.	30,145
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	22,029,163
Other long-term assets, such as Special Purpose Local Option Sales Tax proceeds, are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	36,906
Long-term liabilities, such as compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	(184,104)
Items related to pensions, including pension asset, and deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds	537,217
Net position of governmental activities	$ 26,085,246

See accompanying notes to financial statements and independent auditor's report.

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

	General Fund	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 2,450,825	$ --	$ --	$ 2,450,825
Other taxes	1,161,678	--	--	1,161,678
Licenses and permits	170,025	--	--	170,025
Intergovernmental	18,005	758,685	89,252	865,942
Charges for services	78,813	--	--	78,813
Fines and forfeitures	267,350	--	437	267,787
Investment earnings	255	5,512	--	5,767
Miscellaneous	5,133	--	--	5,133
Total revenues	4,152,084	764,197	89,689	5,005,970
Expenditures:				
Current:				
General government	711,014	--	--	711,014
Judicial	148,521	--	--	148,521
Public safety	3,495,734	--	--	3,495,734
Public works	256,080	--	--	256,080
Culture and recreation	877,403	--	1	877,404
Housing and development	250,023	--	--	250,023
Capital outlay	--	494,392	76,379	570,771
Debt service:				
Principal	33,328	--	--	33,328
Interest	175	--	--	175
Total expenditures	5,772,278	494,392	76,380	6,343,050
Excess (deficiency) of revenues over (under) expenditures	(1,620,194)	269,805	13,309	(1,337,080)
Other financing sources (uses):				
Transfers in	688,027	--	--	688,027
Sale of assets	20,200	--	--	20,200
Total other financing sources (uses)	708,227	--	--	708,227
Net change in fund balance	(911,967)	269,805	13,309	(628,853)
Fund balance, beginning of year	3,335,241	747,484	182,047	4,264,772
Fund balance, end of year	$ 2,423,274	$ 1,017,289	$ 195,356	$ 3,635,919

See accompanying notes to financial statements and independent auditor's report.

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

Net change in fund balances - total governmental funds	$ (628,853)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	976,145
Governmental funds do not report capital assets, and as such, do not report gains or losses on capital assets. This is the net effect of the disposal of capital assets.	(3,965)
Contribution of capital assets increases net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	876,765
Prepaid expenses are reported on the purchase method in the governmental funds but are reported as consumed in the Statement of Net Position	30,145
Special Local Option Sales Tax proceeds in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds.	36,906
In the statement of activities, certain operating expenses - compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). During this year, accrued leave increased.	(36,065)
In the statement of activities, pension expense represents the change in net pension asset from the beginning of the year to the end of the year. In the governmental funds, however, pension expense is measured by the amount of financial resources used (amount actually paid). This is the amount of change in net pension asset and changes in related deferred inflows and outflows of resources.	27,461
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related principal payments.	33,328
Change in net position of governmental activities	$ 1,311,867

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance Final Budget with Actual
	Original	Final	Actual	Over (Under)
Revenues:				
Taxes	$ 3,555,572	$ 3,555,571	$ 3,612,503	$ 56,932
Licenses and permits	168,013	168,013	170,025	2,012
Intergovernmental	--	427,576	18,005	(409,571)
Charges for services	93,667	93,667	78,813	(14,854)
Fines and forfeitures	407,541	407,541	267,350	(140,191)
Investment earnings	10	10	255	245
Other	1,690	1,690	5,133	3,443
Total revenues	4,226,493	4,654,068	4,152,084	(501,984)
Expenditures:				
Current:				
General government				
Legislative	140,652	140,652	94,691	(45,961)
Financial administration	437,932	437,932	431,219	(6,713)
Law	190,534	190,534	179,344	(11,190)
Elections	12,231	12,231	5,760	(6,471)
Total general government	781,349	781,349	711,014	(70,335)
Judicial				
Municipal court	169,568	169,568	148,521	(21,047)
Public safety				
Fire	1,339,691	1,564,159	1,454,240	(109,919)
Police	2,017,406	1,983,900	1,912,991	(70,909)
Probation	62,146	62,146	61,649	(497)
Animal control	62,604	67,035	66,854	(181)
Total public safety	3,481,847	3,677,240	3,495,734	(181,506)
Public works:				
Streets	375,297	375,297	256,080	(119,217)
Culture and recreation				
Parks	1,248,247	2,199,920	877,403	(1,322,517)
Housing and development				
Economic development	214,966	214,966	196,386	(18,580)
Protective inspection	92,462	92,462	53,637	(38,825)
	307,428	307,428	250,023	(57,405)
Debt service:				
Principal	33,328	33,328	33,328	--
Interest	175	175	175	--
Total debt service	33,503	33,503	33,503	--
Total expenditures	6,397,239	7,544,305	5,772,278	(1,772,027)
Excess (deficiency) of revenues over (under) expenditures	(2,170,746)	(2,890,237)	(1,620,194)	1,270,043
Other financing sources (uses):				
Transfers in	1,100,000	2,251,673	688,027	(1,563,646)
Sale of assets	--	--	20,200	20,200
Appropriated fund balance	1,037,240	638,564	--	(638,564)
Total other financing sources (uses)	2,137,240	2,890,237	708,227	(2,182,010)
Net change in fund balance	$ (33,506)	$ --	(911,967)	$ (911,967)
Fund balance, beginning of year			3,335,241	
Fund balance, end of year			$ 2,423,274	

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 3,933,704	$ --	$ 562,985	$ 4,496,689
Investments	113,514	--	--	113,514
Receivables, net of write-offs:				
Accounts	45,218	19,064	3,858	68,140
Unbilled accounts	200,023	90,315	20,339	310,677
Interfund receivable	9,221	--	54,299	63,520
Inventory, at cost	68,531	--	--	68,531
Prepaids	14,034	--	--	14,034
Total current assets	4,384,245	109,379	641,481	5,135,105
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	816,149	--	--	816,149
Depreciable capital assets, net of accumulated depreciation	4,991,072	3,346	46,664	5,041,082
Capital assets, net	5,807,221	3,346	46,664	5,857,231
Net pension asset	73,941	--	--	73,941
Total noncurrent assets	5,881,162	3,346	46,664	5,931,172
Total assets	10,265,407	112,725	688,145	11,066,277
DEFERRED OUTFLOWS OF RESOURCES-				
Deferred outflows related to pensions	46,818	--	--	46,818

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
LIABILITIES:				
Current liabilities:				
Accounts payable	66,873	12,844	--	79,717
Accrued payroll	21,561	--	--	21,561
Customer deposits	312,600	--	--	312,600
Interfund payables	54,299	9,221	--	63,520
Compensated absences	29,053	--	--	29,053
Total current liabilities	484,386	22,065	--	506,451
Noncurrent liabilities-				
Compensated absences	12,997	--	--	12,997
Total liabilities	497,383	22,065	--	519,448
DEFERRED INFLOWS OF RESOURCES-				
Deferred inflows related to pensions	21,959	--	--	21,959
NET POSITION:				
Investment in capital assets	5,807,221	3,346	46,664	5,857,231
Unrestricted	3,985,662	87,314	641,481	4,714,457
Total net position	$ 9,792,883	$ 90,660	$ 688,145	$ 10,571,688

See accompanying notes to financial statements and independent auditor's report.

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

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Operating revenues:				
Charges for services	$ 2,316,273	$ 1,123,112	$ 239,381	$ 3,678,766
Other	102,518	--	--	102,518
Total operating revenues	2,418,791	1,123,112	239,381	3,781,284
Operating expenses:				
Personal services	741,175	--	32,906	774,081
Contractual services	621,071	838,968	19,071	1,479,110
Supplies	227,103	458	4,282	231,843
Heat, light, and power	93,829	2,605	--	96,434
Repairs & Maintenance	136,366	150	--	136,516
Bad debt expense	29,804	11,556	825	42,185
Depreciation	221,029	478	3,333	224,840
Total operating expenses	2,070,377	854,215	60,417	2,985,009
Operating income	348,414	268,897	178,964	796,275
Nonoperating revenues (expenses):				
Interest revenue	1,739	--	--	1,739
Total nonoperating revenues, net	1,739	--	--	1,739
Net income before transfers	350,153	268,897	178,964	798,014
Transfers in	183,080	--	--	183,080
Transfers out	(588,027)	(283,080)	--	(871,107)
Net transfers	(404,947)	(283,080)	--	(688,027)
Change in net position	(54,794)	(14,183)	178,964	109,987
Net position, beginning	9,847,677	104,843	509,181	10,461,701
Net position, ending	$ 9,792,883	$ 90,660	$ 688,145	$ 10,571,688

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Cash flows from operating activities:				
Cash received from customers	$ 2,254,112	$ 1,109,833	$ 236,719	$ 3,600,664
Cash received from other	102,518	13,093	--	115,611
Cash paid to suppliers for goods and services	(403,417)	(878)	(4,282)	(408,577)
Cash paid to employees for services	(535,532)	--	(25,291)	(560,823)
Cash paid for contractual services	(621,071)	(838,968)	(19,071)	(1,479,110)
Cash paid for employee taxes and benefits	(215,074)	--	(7,615)	(222,689)
Net cash provided by operating activities	581,536	283,080	180,460	1,045,076
Cash flows from noncapital financing activities:				
Transfers in	183,080	--	--	183,080
Transfers out	(588,027)	(283,080)	--	(871,107)
Net cash used by noncapital financing activities	(404,947)	(283,080)	--	(688,027)
Cash flows from capital financing activities:				
Acquisition and construction of capital assets	(103,103)	--	(49,997)	(153,100)
Net cash used by capital financing activities	(103,103)	--	(49,997)	(153,100)
Cash flows from investing activities -				
Purchase of investments	(1,884)	--	--	(1,884)
Interest revenue	1,884	--	--	1,884
Net cash provided by investing activities	--	--	--	--
Net increase in cash and cash equivalents	73,486	--	130,463	203,949
Cash and cash equivalents, beginning of year	3,860,218	--	432,522	4,292,740
Cash and cash equivalents, end of year	$ 3,933,704	$ --	$ 562,985	$ 4,496,689

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 348,414	$ 268,897	$ 178,964	$ 796,275
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:				
Bad debt expense	29,804	11,556	825	42,185
Depreciation	221,029	478	3,333	224,840
Decrease (increase) in assets:				
Accounts receivable	(66,244)	(7,708)	34,800	(39,152)
Unbilled accounts	(9,517)	(1,699)	(534)	(11,750)
Interfund receivables	(9,221)	--	(36,928)	(46,149)
Inventory	9,720	--	--	9,720
Prepaids	9,466	--	--	9,466
Net pension asset	106,904	--	--	106,904
Deferred outflows	(19,894)	--	--	(19,894)
Increase (decrease) in liabilities:				
Accounts payable	4,440	2,335	--	6,775
Other liabilities	2,548	--	--	2,548
Customer deposits	13,600	--	--	13,600
Interfund payables	36,928	9,221	--	46,149
Compensated absences	2,237	--	--	2,237
Deferred inflows	(98,678)	--	--	(98,678)
Net cash provided by operating activities	$ 581,536	$ 283,080	$ 180,460	$ 1,045,076

See accompanying notes to financial statements and independent auditor's report.

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

	Municipal Court Fund
ASSETS	
Cash and cash equivalents	36,067
Due from others	147
Total assets	$ 36,214
LIABILITIES	
Due to others	36,214
Total liabilities	$ 36,214

See accompanying notes to financial statements and independent auditor's report.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Centerville, Georgia (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Reporting Entity

The City operates under a charter adopted on March 25, 1958. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, fire, probation, and animal control), streets, culture-recreation, housing and development, public improvements, planning and zoning, municipal court, probation, economic development, and general administrative services. In addition, the City provides water and sewer services, sanitation services as well as storm water utility services. These financial statements present the government entities for which the City is considered to be financially accountable.

B. Joint Venture

The City is a member of the Middle Georgia Regional Commission (MGRC). Membership in a Regional Commission is automatic for each municipality and county in the State. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Regional Commissions. The Regional Commission Board membership includes the chief elected officials of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines Regional Commissions as public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of a Regional Commission beyond its resources. (O.C.G.A. 50-8-39.1) Separate financial statements may be obtained from the Middle Georgia Regional Commission.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely on user fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund statements. The fiduciary fund financial statements are reported on the accrual basis of accounting yet the agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, special purpose local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, investment earnings and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major funds:

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.

SPLOST Fund is a capital project fund. It is for Special Purpose Local Option Sales Tax amounts collected and spent on various projects and the construction and acquisition of capital assets.

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation System Fund was established for control of the operating revenues and expenses relating to garbage pickup and disposal.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Additionally, the City reports the following fund types:

Special Revenue Funds – are used to account for revenue sources that are legally restricted to expenditure for specific purposes (not including capital projects).

Capital Projects Funds – are used to account for the acquisition of capital assets or construction of major capital projects not being financed by the proprietary fund.

Fiduciary Funds – are used to account for resources that are held by the City as trustee or agent and cannot be used for support of the City's own programs.

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

Amounts reported as program revenues include 1) charges for services or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Other revenue sources not properly included with program revenues are reported as general revenues of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Assets, Liabilities, and Net Position

1. ***Cash and Cash Equivalents*** - include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. Investments are stated at cost.

   State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury, repurchase agreements and money market accounts.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

2. ***Interfund Balances*** - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables" or "interfund payables". Interfund receivables/payables are eliminated in the government wide statement of activities. In the statement of net position, these amounts are eliminated in the governmental and business-type activities columns except for any net residual amounts due between governmental and business-type activities, which if present, are reclassified and presented as internal balances.

3. ***Accounts Receivable and Taxes Receivable*** - All trade and delinquent property tax receivables are shown net of an allowance for uncollectible. The enterprise fund receivables over ninety days are generally written off at year-end. Property taxes not collected by the year-end are recorded in the allowance for uncollectible accounts.

Property taxes levied are recorded as receivables and recognized as revenues in the year they become due. The property tax calendar is as follows:

Date millage rate is set	Oct. 1, 2019
Lien date	Jan. 1, 2020
Due date	Dec. 20, 2019
Collection dates	Oct. 9, 2019 – Dec. 20, 2019
Delinquent date	Dec. 21, 2019

4. ***Unbilled Service Receivables*** - Unbilled service receivables have been accrued at year-end. This accounting is consistent with prior years.

5. ***Allowance for Uncollectible Accounts*** - Allowances for uncollectible accounts are maintained for all types of receivables which historically experience uncollectible accounts.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

6. ***Interfund Transactions*** - The City has several types of interfund transactions.

Services rendered transactions are accounted for as revenues and expenditures in the funds involved. Operating appropriations/subsidies are accounted for as transfers in the funds involved. Intrafund transfers, except interfund services provided and used and reimbursements, are reported as transfers in or out in the funds involved as other financing sources.

7. ***Inventories and Prepaid Items*** - The costs of the City's inventories are recorded as expenditures when purchased. Certain payments to vendors, such as insurance, reflects costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and proprietary funds. Prepayments of workers' compensation in the general fund are recorded using the purchase method and recognize the entire prepayment as an expenditure in the period the payment is made.

8. ***Capital Assets*** - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Capital assets are defined by the City as assets which cost more than $5,000 and an estimated useful life in excess of two years. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements.

Capital assets are depreciated by the City using the straight line method over the following estimated useful lives:

Building and infrastructure	50 years
Furniture and equipment	5-15 years
Trucks and tractors	3-7 years
Distribution plants	50 years

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

9. ***Compensated Absences*** - All full-time employees earn annual leave. Unused annual leave not exceeding thirty days may be carried into the next calendar year. Payment for unused annual leave will be made upon resignation of an employee provided that proper notice is given.

The City provides sick leave to eligible employees in accordance with provisions of the personnel policy. It is the City's policy to record the cost of sick leave when it is used. Unused sick leave not exceeding 180 days may be carried into the next calendar year. At the time of retirement any unused sick leave is added to the employees' length of service.

Accrued annual leave incurred in the proprietary fund is reported as a fund liability in that fund. In governmental fund types, annual leave is recorded as a liability only if they have matured, for example, as a result of employee resignations and retirements. In special circumstances, employees may be reimbursed for unused vacation time at year-end.

10. ***Pensions*** – For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from the GMEBS fiduciary net position have been determined on the same basis as they are reported to GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. ***Long-term Obligations*** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

12. ***Deferred Outflows/inflows of Resources*** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows relating to its pension asset consist of a net difference between projected and actual earnings on pension plan investments and contributions made to the pension plan after the plan year end but before the City's fiscal year end. See Note IV.C for additional information on the deferred outflows related to pensions.

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 or periods and so will not be recognized as an inflow of resources (revenues) until that time. The City has only one deferred inflow this year relating to its pension asset. This deferred inflow is the summation of demographic changes, investment differences, and assumption changes within the plan. See Note IV.C for additional information on deferred inflows to pensions. The City also has one item that qualifies for reporting in this category under the modified-accrual basis of accounting. This item, unavailable revenue, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from sales taxes and these amounts are deferred and will be recognizes as an inflow of resources in the period in which the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

13. ***Net Position*** - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

- **Net Investment in Capital Assets** - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.

- **Restricted Net Position** - represent funds for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

- **Unrestricted Net Position** - represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the authority to revisit or alter these managerial decisions. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

14. ***Management Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Fund Balances – Governmental Funds

As of June 30, 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 or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned - All other spendable amounts.

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. For unrestricted amounts of fund balance, it is the City's policy to use unassigned fund balance.

The City's policy is to maintain a minimum unassigned fund balance in the general fund and unrestricted net position in the enterprise fund equivalent to six months operating expenditures/expenses. The City's policy also requires that enterprise funds maintain an additional $1.5 million for future water and sewer improvements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy and Budgetary Data

Budgets are adopted for the general, special revenue, capital project and proprietary funds on an annual basis.

The budgets for the general, special revenue and capital project funds are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared for the proprietary funds as a management control device. Department heads are responsible for submitting budget requests in the spring of each year. The City Accountant reviews the requests, meets with department heads and the budget sub-committee, and then creates a formal budget for the following year to be presented to the Mayor and Council. The budget hearing is publicly advertised and held in accordance with Georgia law. Thereafter, the Mayor and Council adopt a formal budget. The budgetary legal level of control is at the department level. All appropriations except Capital Projects Funds lapse at year-end. There were no material purchase orders, contracts, or other commitments that should have been encumbered.

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Deposits and investments as of June 30, 2020 are summarized below:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	8,217,760
Investments		128,856
Amounts as presented on the fiduciary statement of net position -		
Cash and cash equivalents		36,067
Total	$	8,382,683
Governmental funds:		
Cash and cash equivalents	$	3,721,071
Investments		15,342
		3,736,413
Proprietary funds:		
Cash and cash equivalents		4,496,689
Investments		113,514
		4,610,203
Fiduciary fund-		
Cash and cash equivalents		36,067
Total	$	8,382,683

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Custodial Credit Risk – Deposits:
For deposits, custodial credit risk is that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a deposit policy for custodial credit risk. As of June 30, 2020, the City has no uncollateralized deposits.

Custodial Credit Risk – Investments:
Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of the investment. State statutes require all investments (other than federal or state Instruments) to be collateralized by depository insurance, obligations of the US government, or bonds of public authorities, counties or municipalities. As of June 30, 2020, the City's investments were insured and collateralized.

Deposits:
State statutes require banks holding public funds to secure these funds by Federal Deposit Insurance Corporation (FDIC) insurance, securities pledged at par value and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held. As of June 30, 2020, the City's bank balances were insured or collateralized with securities held by the City or by its agent in the City's name or with securities held by the pledging financial institution's trust department or agent in the City's name.

Investments:
State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers acceptances; the local government investment pool established by Georgia law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia; and additionally, certificates of deposits, NOW accounts and money market accounts of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such investment shall be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to 110 percent of funds on deposit at the institution.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Investment Type	Maturity	Fair Value
Certificate of Deposits	172 Days	$128,856

B. Receivables

Receivables as of June 30, 2020, including applicable allowances for uncollectible accounts, are as follows.

	General	SPLOST	Water & Sewer
Receivables:			
Taxes	$ 118,872	$ --	$ --
Accounts	93,084	--	45,218
Unbilled accounts	--	--	200,023
Intergovernmental	--	36,906	--
Gross Receivables	211,956	36,906	245,241
Less allowance for uncollectibles	(97,701)	--	--
Net receivables	$ 114,255	$ 36,906	$ 245,241

	Sanitation	Nonmajor Enterprise Funds	Total
Receivables:			
Taxes	$ --	$ --	$ 118,872
Accounts	19,064	3,858	161,224
Unbilled accounts	90,315	20,339	310,677
Intergovernmental	--	--	36,906
Gross Receivables	109,379	24,197	627,679
Less allowance for uncollectibles	--	--	(97,701)
Net receivables	$ 109,379	$ 24,197	$ 529,978

III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

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

Primary Government

	Balance June 30, 2019 As restated	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2020
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 552,369	$ 176,942	$ --	$ --	$ 729,311
Construction in progress	4,182,340	2,140,559	--	(3,988,587)	2,334,312
Total capital assets not being depreciated	4,734,709	2,317,501	--	(3,988,587)	3,063,623
Capital assets, being depreciated:					
Buildings and improvements	5,220,214	--	--	--	5,220,214
Infrastructure	13,092,975	--	--	3,988,587	17,081,562
Machinery and equipment	2,336,943	230,673	268,290	--	2,299,326
Total capital assets being depreciated	20,650,132	230,673	268,290	3,988,587	24,601,102
Less accumulated depreciation for:					
Buildings and improvements	1,055,912	106,340	--	--	1,162,252
Infrastructure	2,405,451	342,541	--	--	2,747,992
Machinery and equipment	1,743,260	246,383	264,325	--	1,725,318
Total accumulated depreciaiton	5,204,623	695,264	264,325	--	5,635,562
Total capital assets being depreciated, net	15,445,509	(464,591)	3,965	3,988,587	18,965,540
Governmental activities capital assets, net	$ 20,180,218	$ 1,852,910	$ 3,965	$ --	$ 22,029,163

III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Primary Government

	Balance June 30, 2019	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2020
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 798,462	$ 17,687	$ --	$ --	$ 816,149
Total capital assets not being depreciated	798,462	17,687	--	--	816,149
Capital assets, being depreciated:					
Buildings and improvements	1,956,032	47,302	--	--	2,003,334
Infrastructure	6,837,393	--	--	--	6,837,393
Machinery and equipment	733,543	88,111	12,407	--	809,247
Total capital assets being depreciated	9,526,968	135,413	12,407	--	9,649,974
Less accumulated depreciation for:					
Buildings and improvements	96,741	40,790	--	--	137,531
Infrastructure	3,726,175	148,603	--	--	3,874,778
Machinery and equipment	573,543	35,447	12,407	--	596,583
Total accumulated depreciation	4,396,459	224,840	12,407	--	4,608,892
Total capital assets being depreciated, net	5,130,509	(89,427)	--	--	5,041,082
Business-type activities capital assets, net	$ 5,928,971	$ (71,740)	$ --	$ --	$ 5,857,231

III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

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

Depreciation

Governmental activities:	
General government	$ 38,311
Judicial	28,848
Public safety	278,749
Public works	349,356
Total depreciation expense - governmental activities	$695,264
Business-type activities -	
Water and sewer	$221,029
Sanitation	478
Stormwater	3,333
Total depreciation expense - business-type activities	$224,840

III. DETAILED NOTES ON ALL FUNDS

D. Interfund Receivables, Payables and Transfers

A summary of individual interfund receivable and payable balances at June 30, 2020, and a summary of fund transfers for the year then ended follows:

Receivable Fund	Payable Fund	Amount
Governmental activities:		
General Fund	Center Park Fund	$ 125
LMIG Fund	General Fund	87,151
Total governmental activities		87,276
Business-type activities:		
Storm Water Utility Fund	Water and Sewer Fund	54,299
Water and Sewer Fund	Sanitation	9,221
Total business-type activities		63,520
Total		$ 150,796

Interfund balances reflect:

- Deposit to open initial bank account for Center Park Fund.
- Deposits held in the General Fund for the Local Maintenance and Improvement Grant (LMIG) capital project fund.
- Fees collected by the Water & Sewer Fund for the Storm Water Utility Fund.

III. DETAILED NOTES ON ALL FUNDS

D. Interfund Receivables, Payables and Transfers

	Transfer in:		
	General Fund	Water and Sewer Fund	Total
Transfer out:			
Proprietary Funds:			
Water and Sewer	$ 588,027	$ --	$ 588,027
Sanitation	100,000	183,080	283,080
Total	$ 688,027	$ 183,080	$ 871,107

Interfund transfers reflect:

- Budgeted transfers from sanitation and water and sewer funds to the general fund.
- Enterprise interfund receivables/payables not scheduled to be repaid in future years.

E. Due From Other Governments

As of June 30, 2020, the following amounts were due from Houston County, Georgia for sales tax collections.

Government	Fund	Amount
Houston County, Georgia	SPLOST Fund	36,906
Total due from other governments		$ 36,906

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Governmental activities:						
Compensated absences	$ 148,039	$ 142,456	$ 106,391	$ 184,104	$ 128,024	$ 56,080
Notes payable - other	33,328	--	33,328	--	--	--
Governmental activity - long-term liabilities	$ 181,367	$ 142,456	$ 139,719	$ 184,104	$ 128,024	$ 56,080
Business-type activities:						
Compensated absences	$ 39,813	$ 35,427	$ 33,190	$ 42,050	$ 29,053	$ 12,997
Business-type activity - long-term liabilities	$ 39,813	$ 35,427	$ 33,190	$ 42,050	$ 29,053	$ 12,997

Compensated absences for governmental activities are generally liquidated by the general fund. For business-type activities, compensated absences are liquidated by the proprietary funds.

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

Notes Payable – Other – Governmental Activities

On July 21, 2015 the City entered into an Installment Sale Agreement with Georgia Municipal Association (GMA) for the purpose of purchasing patrol vehicles for the police department. Under the agreement, GMA is the seller and the City is the purchaser. GMA agreed to finance and own the equipment until all payments are made by the City. GMA has assigned the agreement to Branch Banking and Trust Company (BB&T), who advanced $515,424 to purchase the equipment. As a result of the Jobs Cut and Tax Act and the reduction in the corporate tax rate the original interest rate of 1.73% will be adjusted to 2.10% in accordance with the City's Master Lease Agreement with Georgia Municipal Association. Quarterly payments will increase from $33,411 to $ 33,503 for an increase in total payments of $459. Quarterly installment payments are made to BB&T. The last payment scheduled for July 31, 2019 was paid in full in July of 2019.

	Balance June 30, 2019	Additions	Payments	Balance June 30, 2020
BB&T	$ 33,328	$ --	$ (33,328)	$ --

IV. OTHER INFORMATION

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 disasters. The City joined the Georgia Interlocal Risk Management Agency (GIRMA) in 1999. This membership allows the City to share liability, crime, motor vehicle and property damage risks. The City retains the first $5,000 of the risk of loss for the law enforcement and the errors and omissions coverage in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $5,000 deductible, if applicable. Management is not aware of any claims that the City is liable for which were outstanding and unpaid as of June 30, 2020. Settlement claims from the risks mentioned above have not exceeded insurance coverage for the past five years.

The City is a member of the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The fund operates under the authority of O.C.G.A. 34-9-150, et seq. The City pays into the fund its share of the fund's projected obligation of workers' compensation liability, administrative expenses, and other costs incurred by the fund.

The City's share is adjusted by the board of the fund according to the claim experience of each participating member in accordance with criteria set forth in the bylaws of the fund. The fund makes payments to the employees of the members for workers compensation benefits pursuant to and in accordance with the claims procedures set forth in title 34, chapter 9 O.C.G.A. The City is jointly and severally liable for all legal obligations of the fund, including, but not limited to, any obligations of the fund to pay claims against the fund arising out of any occurrence, incident, or accident covered under title 34, chapter 9 of O.C.G.A.

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

IV. OTHER INFORMATION

A. Risk Management

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs 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. Settled claims in the past three years have not exceeded coverage.

B. Contingencies and Other

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

Excess of Expenditures Over Appropriations – In the City's General Fund there were no actual expenditures in excess of its budgeted appropriations during fiscal year 2020.

Other Contingencies and Pending Litigation - Certain claims, suits, and complaints arising in the ordinary course of operations have been filed or are pending against the City. In the opinion of the City's management and the City's attorney, all such matters are adequately covered by insurance, or if not so covered are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

IV. OTHER INFORMATION

C. Pension Plan

The City's defined benefit pension plan provides pensions for all permanent full-time general and public safety employees of the City. The plan is part of an agent multiple-employer defined benefit pension plan and is administered through the Georgia Municipal Employees Benefit System. Participation in the Plan was approved by resolution of the City Council. The Georgia Municipal Employees Benefit System (GMEBS) issues a publicly available financial report that includes financial statements and may be obtained by contacting GMEBS-Retirement Trust in Atlanta, Georgia. State statutes authorize the State to establish and amend all plan provisions. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by GMEBS.

The Plan provides retirement, disability, and death benefits to vested employees. Employees are vested after 5 years. Retirement benefits are calculated at 1.5 percent of the employee's final 5-year average salary times the employee's years of service. Employees that are 65 and have 5 years of service or meet the rule of 80 with no minimum age or service requirement are eligible to retire. Employees with 10 years of continuous service are eligible for early retirement at age 55. Officials are vested immediately and will receive a retirement benefit of $40 per month per year.

Benefit terms provide for annual cost of living adjustments of 2.25% to each employee's retirement allowance subsequent to the employee's retirement date.

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	34
Active employees	57
	117

IV. OTHER INFORMATION

C. Pension Plan

Contributions – The GMEBS board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS board of Trustees has adopted an actuarial funding policy that requires a different funding level then the state estimated minimum annual contribution in an effort to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The City's recommended contribution rate for the year ended June 30, 2020 was 2.38 percent of covered payroll. The City's contributions to the plan for the year ended June 30, 2020 was $55,624 and meets or exceeds the minimum funding requirements of Georgia Statute 47-20. Participants in the plan are not required to contribute.

Net Pension Asset - The City's net pension asset was measured as of September 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020.

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	2.25 percent, average, including inflation
Investment rate of return	7.375 percent, net pension plan investment expense, including inflation

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

The methods and assumptions used in the January 1, 2020 valuation were approved by the Board in December 2019 based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019 conducted by Segal.

IV. OTHER INFORMATION

C. Pension Plan

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

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

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

IV. OTHER INFORMATION

C. Pension Plan

	Schedule of Changes in Net Pension Liability (Asset)		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance September 30, 2018	$ 5,169,757	$ 6,073,987	$ (904,230)
Changes for the year:			
Service cost	106,564	--	106,564
Interest	388,418	--	388,418
Differences between expected and actual experience	(66,465)	--	(66,465)
Contributions-City	--	76,022	(76,022)
Net investment income	--	177,609	(177,609)
Benefit payments	(194,831)	(194,831)	--
Administrative expense	--	(16,647)	16,647
Other	200,973	--	200,973
Net changes	434,659	42,153	392,506
Balance September 30, 2019	$ 5,604,416	$ 6,116,140	$ (511,724)

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.375%) or 1 percentage point higher (8.375%) than the current rate:

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
City's Net Pension Liability (Asset)	$ 306,675	$ (511,724)	$ (1,181,102)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. The report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

IV. OTHER INFORMATION

C. Pension Plan

Pension Expense (Benefit) and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2020, the City recognized pension expenses of $16,495. As of June 30, 2020, the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 41,638	$ (49,848)
Changes of assumptions	150,729	(22,838)
Net difference between projected and actual earnings on pension plan investments	--	(37,106)
Contributions subsequent to measurement date	41,718	--
Total	$ 234,085	$ (109,792)

The $41,718 reported as deferred outflows of resources related to pensions results from City contributions subsequent to the measurement date and will be recognized as a reduction of net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	$ (28,821)
2022	(4,097)
2023	60,921
2024	54,572

The required Schedule of Changes in the City's Net Pension Liability/Asset and Related Ratios and the Schedule of Contributions immediately follow the notes to the financial statements.

IV. OTHER INFORMATION

C. Pension Plan

The City's policemen are eligible to participate in the State of Georgia Police Officers Annuity and Benefit Fund. Contributions are collected by the City as the agent for this fund through its municipal court system. Peace Officers may participate by becoming members and paying monthly dues to the fund. The City pays monthly membership dues for officers upon their one year anniversary. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

The City's Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. Contributions are made through monthly dues by eligible firefighters electing to participate in this plan and a 1% tax on premiums for fire insurance sold in the state of Georgia. The City pays monthly membership dues for firefighters upon their one year anniversary. This plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained.

D. Prior Period Adjustment

The following changes have been made to the beginning net position of the Governmental Activities as summarized below:

	Governmental Activities
Beginning Balance, Net Position, June 30, 2019, as previously reported	$25,713,123
Removal Book Value Prior Years Capitalized Resurface Projects	(939,744)
Beginning Balance, Net Position, June 30, 2019 as restated	$24,773,379

Management of the City has determined that a re-statement to the beginning balance of the governmental activities net position is necessary to report prior year capitalized resurfacing projects as repairs and maintenance. Resurfacing of a road does not increase the utility nor extend the estimated useful life of the road but returns the road to the original condition and thus should be classified as maintenance and repairs.

CITY OF CENTERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability											
Service cost	$ 106,564	$ 124,906	$ 109,972	$ 98,872	$ 112,022	$ 115,947					
Interest	388,418	365,423	345,420	331,470	332,127	356,024					
Changes of benefit terms	--	--	--	--	--	--	(Historical information prior to implementation of GASB 67/68 is not required)				
Differences between expected and actual experience	(66,465)	26,379	113,790	(73,727)	(280,472)	(10,809)					
Changes of assumptions	200,973	--	(91,351)	--	--	(583,163)					
Benefit payments	(194,831)	(188,695)	(186,228)	(167,007)	(177,310)	(195,381)					
Net change in total pension liability	434,659	328,013	291,603	189,608	(13,633)	(317,382)					
Total pension liability-beginning	5,169,757	4,841,744	4,550,141	4,360,533	4,374,166	4,691,548					
Total pension liability-ending (a)	$ 5,604,416	$ 5,169,757	$ 4,841,744	$ 4,550,141	$ 4,360,533	$ 4,374,166					
Plan fiduciary net position											
Contributions-employer	$ 76,022	$ 139,067	$ 148,580	$ 143,152	$ 303,328	$ 231,397					
Contributions-employee	--	--	--	--	--	--					
Net investment income	177,609	552,975	736,225	494,952	43,401	437,417					
Benefit payments	(194,831)	(188,695)	(186,228)	(167,007)	(177,310)	(195,381)					
Administrative expense	(16,647)	(17,248)	(17,983)	(10,373)	(11,630)	(9,368)					
Other	--	--	--	--	--	--					
Net change in plan fiduciary net position	42,153	486,099	680,594	460,724	157,789	464,065					
Plan fiduciary net position-beginning	6,073,987	5,587,888	4,907,294	4,446,570	4,288,781	3,824,716					
Plan fiduciary net position-ending (b)	$ 6,116,140	$ 6,073,987	$ 5,587,888	$ 4,907,294	$ 4,446,570	$ 4,288,781					
City's net pension liability (asset) -ending (a) - (b)	$ (511,724)	$ (904,230)	$ (746,144)	$ (357,153)	$ (86,037)	$ 85,385					
Plan fiduciary net position as a percentage of the total pension liability (asset)	109.13%	117.49%	115.41%	107.85%	101.97%	98.05%					
Covered payroll	$ 2,337,195	$ 2,069,601	$ 2,406,869	$ 1,980,551	$ 1,978,438	$ 1,849,132					
City's net pension liability (asset) as a percentage of covered payroll	(21.89)%	(43.69)%	(31.00)%	(18.03)%	(4.35)%	4.62%					

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 55,624	$ 82,821	$ 157,815	$ 145,502	$ 142,369	$ 212,926					
Contributions in relation to the actuarially							(Historical information prior to implementation of GASB 67/68 is not required)				
determined contribution	55,624	82,821	157,815	145,502	142,369	341,044					
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ (128,118)					
Covered payroll	$ 2,337,195	$ 2,069,601	$ 2,406,869	$ 1,980,551	$ 1,978,438	$ 1,849,132					
Contributions as a percentage of covered											
payroll	2.38%	4.00%	6.56%	7.35%	7.20%	18.44%					

Notes to Schedule

Valuation Date: January 1, 2020

The Actuarially determined contribution rate was determined as of January 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of acturial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The acturial value is adjusted, if necessary, to be within 20% of market value.
Inflation	2.25%
Salary increases	2.25% plus service-based merit increases
Net Investment Rate of Return	7.375% net pension plan investment expense including inflation
Retirement age	65
Mortality	The mortality and economic acturial assumptions used in the January 1, 2020 valuation were based on the results of an acturial experience study for the period July 15, 2015 through June 30, 2019.
Other Information:	This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10-year trend is not available. The Actuarially determined contribution rate was determined as of January 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2021.

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue		Capital Projects	
	Confiscated Assets	Center Park	LMIG	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 37,368	$ 80,587	$ --	$ 117,955
Interfund receivable	--	--	87,151	87,151
Total assets	37,368	80,587	87,151	205,106
LIABILITIES				
Liabilities				
Interfund payable	--	125	--	125
Other liabilities	9,625	--	--	9,625
Total liabilities	9,625	125	--	9,750
FUND BALANCE				
Restricted	27,743	80,462	87,151	195,356
Total fund balances	27,743	80,462	87,151	195,356
Total liabilities and fund balances	$ 37,368	$ 80,587	$ 87,151	$ 205,106

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue		Capital Projects	
	Confiscated Assets	Center Park	LMIG	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ --	$ --	$ 89,252	$ 89,252
Confiscations	437	--	--	437
Total revenues	437	--	89,252	89,689
EXPENDITURES				
Current				
Culture and recreation	--	1	--	1
Capital outlay	--	--	76,379	76,379
Total expenditures	--	1	76,379	76,380
Net change in fund balance	437	(1)	12,873	13,309
Fund balance - beginning of year	27,306	80,463	74,278	182,047
Fund balance - end of year	$ 27,743	$ 80,462	$ 87,151	$ 195,356

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
ASSETS				
Cash	$ 34,578	$ 524,646	$ 523,157	$ 36,067
Due from others	1,899	168,391	170,143	147
Total assets	$ 36,477	$ 693,037	$ 693,300	$ 36,214
LIABILITIES				
Due to others	$ 36,477	470,724	470,987	$ 36,214
Total liabilities	$ 36,477	$ 470,724	$ 470,987	$ 36,214

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CONFISCATED ASSETS – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues-				
Confiscations	$ 3,000	$ 3,000	437	$ (2,563)
Total revenues	3,000	3,000	437	(2,563)
Expenditures:				
Current -				
Public safety:				
Materials and supplies - State	--	--	--	--
Material and supplies - DOJ	1,500	1,500	--	1,500
Machinery and equipment	9,400	9,400	--	9,400
Total expenditures	10,900	10,900	--	10,900
Net change in fund balance	(7,900)	(7,900)	437	$ 8,337
Fund balance, beginning of year	27,306	27,306	27,306	
Fund balance, end of year	$ 19,406	$ 19,406	$ 27,743	

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CENTER PARK – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues-				
Fees	$ 6,500	$ 6,500	$ --	$ (6,500)
Merchandise sales	500	500	--	(500)
Donations	5,550	5,550	--	(5,550)
Total revenues	12,550	12,550	--	(12,550)
Expenditures:				
Current -				
Parks -				
Dues and fees	150	150	1	149
Site Improvements	10,000	10,000	--	10,000
Building	66,000	66,000	--	66,000
Total expenditures	76,150	76,150	1	76,149
Net change in fund balance	(63,600)	(63,600)	(1)	$ 63,599
Fund balance, beginning of year	80,463	80,463	80,463	
Fund balance, end of year	$ 16,863	$ 16,863	$ 80,462	

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LMIG GRANT CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Prior Years Actual *	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental -				
LMIG grant revenue	$ 90,037	$ 89,252	$ 179,289	$ 179,289
Total revenues	90,037	89,252	179,289	179,289
Expenditures -				
Capital outlay -				
Infrastructure	17,559	76,379	93,938	277,025
Total expenditures	17,559	76,379	93,938	277,025
Excess (deficit) of revenues over (under) expenditures	72,478	12,873	85,351	(97,736)
Other financing sources (uses)-				
Transfer in	1,800	--	1,800	97,736
Net change in fund balance	$ 74,278	12,873	$ 87,151	$ --
Fund balance, beginning of year		74,278		
Fund balance, ending of year		$ 87,151		

* Note: Prior years actual revenue and capital outlay were adjusted by $88,335 for the completed 2018 LMIG project as follows:

	Revenues - GDOT Grants	Expenditures - Capital Outlay
Total actual to date per FY19 audit	$ 178,372	$ 105,894
Adjustment for 2018 LMIG completed project	(88,335)	(88,335)
Prior years actual per FY20 audit	$ 90,037	$ 17,559

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - SPLOST – CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental:				
Special purpose local option sales tax 2012	$ 4,337,965	$ -	$ 4,337,965	$ 5,050,000
Special purpose local option sales tax 2018	428,834	758,685	1,187,519	4,029,337
Interest income -2012	12,461	1,755	14,216	--
Interest income -2018	1,050	3,757	4,807	--
Interest income - loan proceeds 2012	718	--	718	--
Total revenues	4,781,028	764,197	5,545,225	9,079,337
Expenditures:				
Capital outlay:				
Road construction/reconstruction -2012	517,146	67,768	584,914	706,500
Water and sewer system improvement -2012	163,562	--	163,562	706,500
Public safety facilities and equipment -2012	2,823,307	74,796	2,898,103	3,000,000
Public safety facilities and equipment - 2018	42,687	--	42,687	2,630,000
Parks and recreation - 2018	--	351,828	351,828	800,000
Road construction/reconstruction - 2018	--	--	--	500,000
Debt service:				
Principal - SPLOST 2012	3,000,000	--	3,000,000	589,151
Interest - SPLOST 2012	128,085	--	128,085	47,849
Principal - SPLOST 2018	--	--	--	99,337
Total expenditures	6,674,787	494,392	7,169,179	9,079,337
Excess (deficiency) of revenues over (under) expenditures	(1,893,759)	269,805	(1,623,954)	--
Other financing sources(uses)-				
Loan proceeds	3,000,000	--	3,000,000	--
Transfer in(out)	(358,757)	--	(358,757)	--
Total other financing sources(uses)	2,641,243	--	2,641,243	--
Net change in fund balance	$ 747,484	269,805	$ 1,017,289	$ --
Fund balance, beginning of year		747,484		
Fund balance, ending of year		$ 1,017,289		

See accompanying independent auditor's report

II. COMPLIANCE SECTION

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2020

2012 Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads, streets & sidewalks	$ 706,500	$ 706,500	$ 517,146	$ 67,768	$ 584,914
Water & sewer improvement	706,500	706,500	163,562	--	163,562
Debt payoff water & sewer	637,000	637,000	358,757	--	358,757
Public safety facilities & equipment	3,000,000	3,000,000	2,823,307	74,796	2,898,103
Sub-total	5,050,000	5,050,000	3,862,772	142,564	4,005,336
Reconciling item to adjust for payments on debt related to 2012 Project -					
Payments on debt	--	3,128,085	3,128,085	--	3,128,085
Reconciled total	$ 5,050,000	$ 8,178,085	$ 6,990,857	$ 142,564	$ 7,133,421

2018 Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Public safety facilities & equipment	$ 2,630,000	$ 2,630,000	$ 42,687	$ --	$ 42,687
Parks and recreation	800,000	800,000	--	351,828	351,828
Transportation and road projects	500,000	500,000	--	--	--
Debt service	99,337	99,337	--	--	--
Total	$ 4,029,337	$ 4,029,337	$ 42,687	$ 351,828	$ 394,515

See accompanying independent auditor's report

NICHOLS, CAULEY & ASSOCIATES, LLC
400 Corder Road
Warner Robins, Georgia 31088
478-929-3888 FAX 478-923-7896
warnerrobins@nicholscauley.com

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

To the Honorable Mayor, City Council, and Management
City of Centerville, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Centerville's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

To the Honorable Mayor, City Council and Management
City of Centerville, Georgia

Compliance and Other Matters

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

The City of Centerville's Response to Findings

The City of Centerville's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Centerville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Nichols, Cauley & Associates, LLC

Warner Robins, Georgia
December 4, 2020

CITY OF CENTERVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Centerville, Georgia.

2. A deficiency in internal control was disclosed by the audit of the City of Centerville, Georgia's financial statements (item 2020-1). We consider item 2020-1 to be a material weakness.

3. No instances of noncompliance material to the financial statements of the City of Centerville, Georgia were disclosed during the audit.

FINANCIAL STATEMENT FINDINGS:

2020-1

Material Weakness in Internal Control Over Financial Reporting – Segregation of Duties

COMMENT:

Due to the limited number of personnel, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in the areas of cash receipts, cash disbursements and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.

RECOMMENDATION:

In all areas it is not always cost beneficial or practical to have adequate segregation of duties. In these cases, management should implement compensating controls, which include continually exercising alert supervision of employees, rotation of employee duties, and periodic internal reviews (audits) by management or others not directly involved in the day to day operations of the specific functions being reviewed.

MANAGEMENT'S RESPONSE:

The City concurs with this recommendation and realizes that with limited personnel, adequate segregation of duties is not possible. In an effort to mitigate this deficiency, the City exercises alert supervision over employees and performs internal audits on those functions in which adequate segregation of duties is not present and practices oversight by the governing authority in requiring two members to sign all City checks.

CITY OF CENTERVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2020

PRIOR YEAR AUDIT FINDINGS

Prior Year Material Weakness – Current year material weakness 2020-1 was prior year material weakness 2019-1.

THIS PAGE INTENTIONALLY LEFT BLANK