# City of Ellaville, Georgia

## ANNUAL FINANCIAL REPORT

**For the Year Ended December 31, 2019**

# City of Ellaville, Georgia
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# December 31, 2019


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# City of Ellaville, Georgia
# Principal Officials
# December 31, 2019

**ELECTED**

**Mayor**
Leah Ellis Clark

**City Council**
Charles Sherwood
Connie Hammack
Janet Ellis
Carlton Wilson
Leslie Haynes-Minter

**APPOINTED**

**City Manager**
Lynne McChargue

**City Clerk**
Wendy McGrother

**City Attorney**
James Skipper, Jr.

# HERBERT E. ALLEN

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Member of the American Institute of Certified Public Accountants

Member of the Georgia Society of Certified Public Accountants

Member of the Florida Institute Of Certified Public Accountant


## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Ellaville, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statement 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 and each major fund of the City of Ellaville, Georgia, as of December 31, 2019, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 48 through 49 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 City of Ellaville, Georgia's basic financial statements. The accompanying schedule of Special Purpose Local Option Sales Tax Expenditures is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of 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 accompanying schedule Special Purpose Local Option Sales.

Tax Expenditures is 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 September 30, 2020, on our consideration of City of Ellaville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Ellaville, Georgia's internal control over financial reporting and compliance.



Americus, Georgia

September 30, 2020

# City of Ellaville, Georgia
# Statement of Net Position
# December 31, 2019

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **ASSETS** | | | |
| Cash and cash equivalents | $ 104,363 | $ 2,000 | $ 106,363 |
| nvestments | | 1,616,176 | 1,616,176 |
| Accounts receivable, net | 83,051 | 345,821 | 428,872 |
| Property tax receivable | 31,605 | | |
| Due from other governments | | | |
| Other current assets | 6,709 | | |
| Inventories | | 27,847 | 27,847 |
| Internal balances | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | 110,059 | | 110,059 |
| Capital assets: | | | |
| Land | 129,133 | 167,242 | 296,375 |
| Construction in progress | | | |
| Other capital assets, net of accumulated depreciation | 2,590,772 | 4,117,637 | 6,708,409 |
| Total assets | 3,055,692 | 6,276,723 | 9,332,415 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred pension costs | 37,126 | 20,884 | 58,010 |
| **LIABILITIES** | | | |
| Accounts payable | 1,098 | 233,071 | 234,169 |
| Cash overdraft | 52,500 | | 52,500 |
| Accrued expenses | 5,458 | 8,848 | 14,306 |
| Customer deposits | | 141,828 | 141,828 |
| Net pension liability | 329,900 | 185,569 | 515,469 |
| Long term liabilities: | | | |
| Due within one year | 9,826 | 232,275 | 242,101 |
| Due in more than one year | 18,437 | 2,829,233 | 2,847,670 |
| Total liabilities | 417,219 | 3,630,824 | 4,048,043 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred Revenue USDA Grant | 101,380 | | 101,380 |
| Unavailable revenue-property taxes | 105,674 | | 105,674 |
| Deferred pension inflows | 34,372 | 19,334 | 53,706 |
| Total Deferred Inflows of Resources | 241,426 | 19,334 | 260,760 |
| **NET POSITION** | | | |
| Net investment in capital assets | 2,691,642 | 1,223,371 | 3,915,013 |
| Restricted for: | | | |
| Specific purposes | 110,059 | | 110,059 |
| Unrestricted | $ (367,528) | $1,424,078 | 1,056,550 |
| Total net position | $2,434,173 | $2,647,449 | $ 5,081,622 |

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

# City of Ellaville, Georgia
## Statement of Activities
## For the Year Ended December 31, 2019

| FUNCTIONS/PROGRAMS | Expenses | Charges for Services | Capital Grants and Contributions | Net Revenues (Expenses) and Changes in Net Position: Governmental Activities | Business Type Activities | Total |
|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | |
| Governmental Activities | | | | | | |
| General Government | (855,891) | $ 24,197 | $ 155,387 | $ (676,307) | $ - | $ (676,307) |
| Public Safety | (544,899) | 83,074 | | (461,825) | - | $ (461,825) |
| Public Works | (743,390) | 243,987 | | (499,403) | - | $ (499,403) |
| Parks and Recreation | (2,314) | - | | (2,314) | - | $ (2,314) |
| Community Development | - | - | | - | - | $ - |
| Interest Expense | (1,198) | | - | (1,198) | - | $ (1,198) |
| Total Governmental Activities | (2,147,692) | 351,258 | 155,387 | (1,641,047) | - | (1,641,047) |
| Business-Type Activities | | | | | | |
| Water and Sewer | (837,920) | 641,843 | | | (196,077) | (196,077) |
| Electric | (3,351,079) | 3,714,029 | | | 362,950 | 362,950 |
| Total Business-Type Activities | (4,188,999) | 4,355,872 | - | - | 166,873 | 166,873 |
| Total Primary Government | (6,336,691) | 4,707,130 | 155,387 | (1,641,047) | 166,873 | (1,474,174) |
| | **General Revenues:** | | | | | |
| | Taxes | | | | - | - |
| | Property Taxes | | | $113,727 | - | 113,727 |
| | Local option Sales Taxes | | | 172,762 | - | 172,762 |
| | Franchise | | | 22,712 | - | 22,712 |
| | Other Revenues | | | 35,098 | - | 35,098 |
| | Other Taxes | | | 195,648 | - | 195,648 |
| | Investment Earnings | | | 17 | 132,358 | 132,375 |
| | Total General Revenues | | | 539,964 | - | 672,322 |
| | Net | | | (1,101,083) | 299,231 | 1,230,917 |
| | Transfers | | | 651,898 | (544,050) | - |
| | Net Pension Liability | | | 329,900 | (544,050) | - |
| | Change in Net Position | | | (119,285) | (244,819) | (364,104) |
| | Net Position - Beginning of Year | | | 2,553,458 | 2,902,268 | 5,455,726 |
| | Prior Period Adjustment | | | | | - |
| | Net Position - End of Year | | | $ 2,434,173 | $ 2,657,449 | $ 5,091,622 |

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

# City of Ellaville, Georgia
## Balance Sheet
## Governmental Fund
## December 31, 2019

| | General Fund | SPLOST 2013 | SPLOST 2019 | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 104,363 | | | 104,363 |
| Investments | | | | - |
| Accounts Receivable, net | 63,701 | | | 63,701 |
| Property Tax Receivable | 31,605 | | | 31,605 |
| Due from other funds | 9,898 | | | 9,898 |
| Other current assets | 6,709 | | | 6,709 |
| Restricted assets: | | | | - |
| Cash and Cash equivalents | 70,889 | 102 | 39,068 | 110,059 |
| Sales Tax Receivable | | | 19,288 | 19,288 |
| Total assets | 287,165 | 102 | 58,356 | 345,623 |
| **LIABILITIES** | | | | |
| Accounts Payable | 1,098 | | | 1,098 |
| Cash overdraft | 52,500 | | | 52,500 |
| Accrued expenses | 5,458 | | | 5,458 |
| Other liabilities | - | | | - |
| Total liabilities | 59,056 | - | - | 59,056 |
| **FUND BALANCES** | | | | |
| Restricted for: | | | | |
| Specific purposes | 70,889 | 102 | 58,356 | 129,347 |
| Unassigned, reported in: | | | | |
| General Fund | 157,220 | - | - | 157,220 |
| Total fund balances | 228,109 | 102 | 58,356 | 286,567 |
| Total liabilites, deferred inflows of resources and fund balances | 287,165 | 102 | 58,356 | 345,623 |

City of Ellaville, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
December 31, 2019

| | | |
|---|---|---|
| Total governmental fund balances | $ | 286,567 |
| Amounts reported for governmental activities in the statement of activities are different because: | | - |
| Deferred outflows of resources are not financial resources and therefore are not reported in the funds. | | 37,126 |
| Deferred pension costs | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 2,719,905 |
| Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds. | | |
| Long term liabilities - notes payable | | (28,263) |
| Net pension liability | | (329,900) |
| Deferred pension inflows | | (34,372) |
| Deferred property taxes | | (105,674) |
| Deferred Revenue USDA Grant | | (101,318) |
| Net Adjustment | | (9,898) |
| Net position of governmental activities | $ | 2,434,173 |

# City of Ellaville, Georgia
## Statement of Revenues, Expenditures and Changes in Fund Balances
## Governmental Funds
## December 31, 2019

| | General Fund | SPLOST Fund 2013 | SPLOST Fund 2019 | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $113,727 | $ - | $ - | $113,727 |
| Local option sales taxes | 172,762 | - | - | 172,762 |
| Other taxes | 195,648 | - | - | 195,648 |
| Licenses and permits | 24,197 | - | - | 24,197 |
| Fines, forfeitures and fees | 83,074 | - | - | 83,074 |
| Charges for services | 243,987 | - | - | 243,987 |
| Franchise fees | 22,712 | - | - | 22,712 |
| Investment income | - | 17 | | 17 |
| Intergovernmental | 45,782 | 51,249 | 58,356 | 155,387 |
| Other revenues | 35,098 | - | - | 35,098 |
| Total Revenues | 936,987 | 51,266 | 58,356 | 1,046,609 |
| | | | | |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 841,016 | - | - | 841,016 |
| Public safety | 466,451 | - | - | 466,451 |
| Public works | 595,739 | - | - | 595,739 |
| Parks and recreation | 2,314 | - | - | 2,314 |
| Capital outlays | 54,084 | - | - | 54,084 |
| Debt service | 8,576 | - | - | 8,576 |
| | | | | |
| Total expenditures | 1,968,180 | - | - | 1,968,180 |
| Excess (deficiency) of revenues over expenditures | (1,031,193) | 51,266 | 58,356 | (921,571) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds | 971,900 | - | - | 971,900 |
| Transfers from other funds | 9,898 | (9,898) | - | - |
| Transfers to other funds | | (11,000) | - | (11,000) |
| Transfers to other funds | | (85,743) | - | (85,743) |
| Total other financing sources | 981,798 | (106,641) | - | 875,157 |
| Net change in fund balances | (49,395) | (55,375) | 58,356 | (46,414) |
| Fund balances, beginning of year | (75,721) | 55,477 | - | (20,244) |
| Fund balances, end of year | (125,116) | 102 | 58,356 | (66,659) |

# City of Ellaville, Georgia
## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
## December 31, 2019

| | |
|---|---|
| Net Change in fund balances- total governmental funds | 286,567 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental fund financial statements. | |
| Unavailable revenues- property taxes | 72,777 |
| Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. | 28,263 |
| Net Pension Liability | (329,900) |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. | |
| Capital ssets purchases capitalized | 63,982 |
| Depreciation Expense | (240,974) |
| Change in net position of governmental activities | (119,285) |

City of Ellaville, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
December 31, 2019

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ 109,595 | $ 114,695 | $ 113,727 | $ (968) |
| Local option sales taxes | 158,209 | 193,209 | 172,762 | (20,447) |
| Other taxes | 172,100 | 167,000 | 195,648 | 28,648 |
| Licenses and permits | 24,000 | 24,000 | 24,197 | 197 |
| Fines, forfeitures and fees | 120,000 | 120,000 | 83,074 | (36,926) |
| Charges for services | 265,000 | 334,950 | 243,987 | (90,963) |
| Franchise fees | 54,000 | 54,000 | 22,712 | (31,288) |
| Investment income | - | - | | 0 |
| Intergovernmental | 35,000 | - | 45,782 | 45,782 |
| Other revenues | 69,950 | - | 35,098 | 35,098 |
| Total revenues | 1,007,854 | 1,007,854 | 936,987 | (70,867) |
| **EXPENDITURES** | | | | |
| **Current:** | | | | |
| **General government** | | | | |
| Mayor/clerk | 19,638 | 19,638 | 19,634 | (4) |
| Administration | 800,000 | 800,000 | 795,320 | (4,680) |
| Elections | 1,500 | 1,500 | 5,365 | 3,865 |
| Buildings and grounds | 8,725 | 8,725 | 20,697 | 11,972 |
| Total general government | 829,863 | 829,863 | 841,016 | 11,153 |
| **Public safety** | | | | |
| Police | 581,576 | 581,576 | 466,451 | 115,125 |
| Fire | 5,000 | 5,000 | - | 5,000 |
| Total public safety | 586,576 | 586,576 | 466,451 | 120,125 |
| **Public works** | | | | |
| Sanitation | 222,000 | 222,000 | 218,180 | 3,820 |
| Streets and sidewalks | 305,523 | 305,523 | 377,559 | (72,036) |
| Total public works | 527,523 | 527,523 | 595,739 | (68,216) |
| **Parks and recreation** | | | | |
| Recreation | 1,800 | 1,800 | 2,314 | (514) |
| Total parks and recreation | 1,800 | 1,800 | 2,314 | (514) |
| **Capital Outlay** | - | - | 54,084 | - |
| **Debt service:** | | | | |
| Interest | - | - | 8,577 | (8,577) |
| | | | | - |
| Total expenditures | 1,945,762 | 1,945,762 | 1,968,181 | (22,419) |
| Excess (deficiency) of revenues over expenditures | (937,908) | (937,908) | (1,031,194) | 93,286 |
| **OTHER FINANCING SOURCES (USES)** | | | | - |
| Transfers from other funds | 937,908 | 937,908 | 1,219,452 | (281,544) |
| Transfers to other funds | - | - | 9,898 | - |
| Debt proceeds | - | - | - | - |
| Total other financing sources | - | - | 1,229,350 | (1,229,350) |
| Net change in fund balances | - | - | 198,156 | (198,156) |
| Fund balances, beginning of year | (75,721) | (75,721) | (75,721) | - |
| Fund balances, end of year | $ (75,721) | $ (75,721) | $ 122,435 | (198,156) |

City of Ellaville, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2019

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Total |
| **ASSETS** | | | |
| Current assets | | | |
| Cash and cash equivalents | $ - | 2,000 | 2,000 |
| Investments | - | 1,616,176 | 1,616,176 |
| Accounts receivable, net | 122,575 | 223,246 | 345,821 |
| Inventories | 27,847 | | 27,847 |
| Other current assets | - | - | |
| Total current assets | 150,422 | 1,841,422 | 1,991,844 |
| Noncurrent assets | | | |
| Restricted assets - cash | | - | - |
| Capital assets: | | | |
| Land | 142,017 | 25,225 | 167,242 |
| Other capital assets, net of accumulated depreciation | 2,731,460 | 1,386,177 | 4,117,637 |
| Total assets | 3,023,899 | 3,252,824 | 6,276,723 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred pension costs | 9,282 | 11,602 | 20,884 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable | 5,953 | 217,118 | 223,071 |
| Accrued expenses | | 8,848 | 8,848 |
| Current portion of long - term debt | 133,110 | 99,165 | 232,275 |
| Customer deposits | 39,327 | 102,501 | 141,828 |
| Due to other funds | | | |
| Total current liabilities | 178,390 | 427,632 | 606,022 |
| Long-term debt, net of current portion | 2,053,122 | 776,111 | 2,829,233 |
| Net pension liability | 82,475 | 103,094 | 185,569 |
| Total liabilities | 2,313,987 | 1,306,837 | 3,620,824 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred pension inflows | 8,593 | 10,741 | 19,334 |
| **NET POSITION** | | | |
| Net investment in capital assets | 687,245 | 536,126 | 1,223,371 |
| Restricted for debt service | | - | - |
| Unrestricted | 23,356 | 1,410,722 | 1,434,078 |
| Total net position | $ 710,601 | $ 1,946,848 | 2,657,449 |
| | | | - |

City of Ellaville, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
December 31, 2019

| | Business- Type Activities-Enterprises Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Total |
| OPERATING REVENUES | | | |
| Utility revenues | $0 | $3,664,413 | $3,664,413 |
| Charges for Services | 639,343 | 49,616 | 49,616 |
| Miscellaneous | 2,500 | | - |
| Total operating revenues | 641,843 | 3,714,029 | 4,355,872 |
| OPERATING EXPENSES | | | |
| Salaries and wages | 225,063 | 204,074 | 429,137 |
| Operating, administrative and maintenance | 313,813 | 2,906,052 | 3,219,865 |
| Depreciation | 247,182 | 203,993 | 451,175 |
| Total operating expenses | 786,058 | 3,314,119 | 4,100,177 |
| Operating income (loss) | (144,215) | 399,910 | 255,695 |
| NON OPERATING REVENUE (EXPENSES) | | | |
| Investment income (expense) | - | 132,358 | 132,358 |
| Bond issuance costs | - | | - |
| Intergovernmental | - | | - |
| Interest Expense | (51,862) | (36,960) | (88,822) |
| Total non operating expense | (51,862) | 95,398 | 43,536 |
| Income before contributions and transfers | (196,077) | 495,308 | 299,231 |
| Capital contributions | | | |
| Transfer Out | | (765,430) | (765,430) |
| Transfers In | 50,201 | 171,179 | 221,380 |
| Change in Net position | (145,876) | (98,943) | (244,819) |
| Net Position, beginning of year | 856,477 | 2,045,791 | 2,902,268 |
| Net Position, end of year | $ 710,601 | $ 1,946,848 | $ 2,657,449 |

# City of Ellaville, Georgia
# Statement of Cash Flows
# Proprietary Funds
# December 31, 2019

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue Fund | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers and users | $ 596,008 | $ 3,836,774 | $ 4,432,782 |
| Other operating receipts | 2,500 | 49,616 | 52,116 |
| Cash payments to employees | (225,063) | (204,074) | (429,137) |
| Cash payments to suppliers | (224,450) | (2,847,517) | (3,071,967) |
| Net cash provided (used) by operating activities | 148,995 | 834,799 | 983,794 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers from other funds | 50,201 | 171,179 | 221,380 |
| Transfers to other funds | - | (765,430) | (765,430) |
| Net cash provided (used) by noncapital financing activities | 50,201 | (594,251) | (544,050) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Proceeds from long-term debt | 397,184 | - | 397,184 |
| Acquisition and construction of capital assets (net) | (464,518) | (245,896) | (710,414) |
| Intergovernmental revenue | - | | - |
| Bond issuance costs | - | | - |
| Principal payments on long-term debt | (80,000) | (88,050) | (168,050) |
| Interest paid | (51,862) | (36,960) | (88,822) |
| Net cash provided (used) by capital and related financing activities | (199,196) | (370,906) | (570,102) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of investments | - | 132,358 | 132,358 |
| Purchase of investments Gain on investments Interest received | - | - | |
| Gain on investments | - | - | |
| Interest received | - | - | |
| Net cash provided (used) by investing activities | | 132,358 | 132,358 |
| Net increase (decrease) in cash and cash equivalents | - | 2,000 | 2,000 |
| Cash and cash equivalents, beginning of year | - | - | - |
| Cash and cash equivalents, end of year | $ - | $ 2,000 | $ 2,000 |

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

# City of Ellaville, Georgia
## Statement of Cash Flows
## Proprietary Funds
## December 31, 2019

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Electric Revenue | Total |
| **RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | |
| Operating income (loss) | $ (144,215) | $ 399,910 | $ 255,695 |
| Adjustments to reconcile operating income | | | |
| Operating activities: | | | |
| Depreciation | 247,182 | 203,993 | 451,175 |
| Other | - | - | |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | 45,835 | 162,361 | 208,196 |
| Inventories | (5,000) | - | (5,000) |
| Other current assets | - | - | - |
| Due from general fund | - | - | - |
| Due from other funds | - | - | - |
| Deferred outflows | 19,706 | 13,763 | 33,469 |
| Increase (decrease) in: | | | |
| Accounts payable | 2,940 | 28,664 | 31,604 |
| Accrued expenses | (16,214) | (8,552) | (24,766) |
| Deferred inflows | 784 | 3,908 | 4,692 |
| Net pension liability | 3,722 | 34,185 | 37,907 |
| Compensated Absences | (7,528) | (15,458) | (22,986) |
| Customer deposits | 1,783 | 12,025 | 13,808 |
| Net cash provided (used) by operating activities | $ 148,995 | $ 834,799 | $ 983,794 |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *Reporting Entity*

The City of Ellaville was incorporated in 1859. The City's Charter provides for a Council-Mayor form of government. The City Administrator is the head of the administrative branch of government and is responsible for the day-to-day operations of the City government. The legislative authority of the City is vested in the Mayor and five council members with an appointed City Administrator. The City provides the following services and operations as authorized by its charter: public safety (police and fire), highways and streets, sanitation, planning and zoning, and general administrative services.

The financial reporting entity has been determined by management in accordance with accounting principles generally accepted in the United States of America to be the City of Ellaville. The City's basic financial statements include the accounts of all city operations.

The criteria used to determine financial accountability is the ability of the primary government to appoint a voting majority of the organization's governing body and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the City of Ellaville has no component units.

*Government-Wide and Fund Financial Statements*

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

*Government – Wide Financial Statements*

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function. 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Certain eliminations have been made as prescribed by GASB Statement of Accounting Standards No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

*Fund Financial Statements*

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Fines are not susceptible to accrual because, generally, they are not measurable until received in cash. The City considers revenues to be available if they are collected within 60 days after year end.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The General Fund is the principal fund of the City and is used to account for all of its activities not otherwise accounted for by a specified fund.

The SPLOST Capital Projects Fund is used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds. These projects are financed through sales tax proceeds.

Proprietary Funds are reported using the economic resources measurement focus and the accrual basis of accounting and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). 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 services. 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.

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

The City reports the following major enterprise funds:

The Water and Sewer Fund accounts 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.

The Electric Revenue Fund accounts for the provisions of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

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

***Budgets***

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored through subsequent years' budget appropriations.

***Cash and Investments***

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity of three months or less.

Statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government agencies, the State of Georgia, other counties, municipal corporations and political subdivisions of the State of Georgia, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. The fair values of investments in external investment pools are the same as the value of the pool shares.

***Receivables***

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

All trade receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

The City maintains no allowance for uncollectible property taxes at December 31, 2019.

***Inventories***

Inventory in enterprise funds is valued at the lower of cost or market using the first-in / first-out method. The costs of governmental fund type inventories are recorded as expenditures when purchased, therefore, no inventory is presented in governmental type funds.

***Prepaid Items***

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

***Interfund Receivables/Payables***

Outstanding balances between funds at the end of the fiscal year are referred to as either “Due From Other Funds” or “Due To Other Funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Internal Balances”.

***Restricted Assets***

Certain assets of the City are subject to restrictions imposed by parties outside the government (such as creditors, grantors, contributors, and laws or regulations of other governments).

The City Council established a restricted cash account in the Electric Enterprise Fund for the accumulation of cash to fund the liability for customer security deposits.

The City Council established a restricted cash account in the Water Enterprise Fund for the accumulation of cash for future major asset acquisitions and system improvements.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) acquired after December 31, 2003, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold at $1,000 for reporting capital assets and infrastructure assets. All capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets have an original cost of $5,000 or more and have over three years of useful life. Infrastructure assets capitalized have an original cost of $25,000 or more.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the year ended December 31, 2019 no interest incurred was attributable to the cost of capital assets associated with construction projects.

Depreciation is provided on the straight-line method over the following estimated useful lives: Buildings

| | |
|---|---|
| | 20 - 50 years |
| Utility system | 30 - 50 years |
| Machinery and equipment | 3 - 15 years |
| Infrastructure | 20 - 50 years |

***Deferred Outflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of item that qualifies for reporting in this category – the retirement contribution for the current year.

***Deferred Inflows of Resources***

In addition to liabilities, the City 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Unavailable revenue is reported only in the government funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also recognizes the net difference between projected and actual earning on investments related to pensions.

***Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Long-Term Obligations, Debt Premiums and Discounts***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums and discounts are netted against debt payable. On the government-wide financial statements, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. At the government fund reporting level, debt premiums and discounts are reported as other financing sources separately from the face amount of the debt issued.

***Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as net position. GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non spendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes which are imposed by a formal action of the City Commission through adoption of a resolution. Only the City Commission may modify or rescind the commitment;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re- appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At December 31, 2019, there were no encumbrances outstanding.

***Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent Events***

Subsequent events were evaluated through September 30, 2020, which is the date the financial statements were available to be issued.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

***Budget Process***

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the City's financial position. An annual operating budget is adopted for the General Fund and Enterprise Funds.

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

1) In August, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2) The council meeting held in September for the first reading of the proposed budget is open to the public and citizen's participation and comments are welcomed.
3) The council held a public hearing on the budget. Prior notice was published in the official organ of the City.

***Capital Projects Budget***

The construction of certain major capital facilities and improvements, which are accounted for by the City in the Capital Projects Funds, are subject to budgetary control on a project basis. The budgets are approved by the City Council and are generally subject to specific provisions of voter referendums, State statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

***Excess of Expenditures Over Appropriations in the General Fund***

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended December 31, 2019:

| Department | Excess of Expenditures Over Budgeted Amounts |
|---|---|
| General Government | 4 |
| Public Works | 68,216 |
| Recreation | 514 |
| Debt Service | 8,577 |
| | 77,311 |

The excess of actual expenditures over appropriations was funded by inter-fund transfers.

## NOTE 3 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2019, are summarized as follows:

| | | |
|---|---|---|
| Amounts as presented on the entity-wide Statement of Net Position: | | |
| Cash and cash equivalents | $ | 123,521 |
| Cash overdraft | | (50,661) |
| Investments | | 1,511,239 |
| Restricted cash and cash equivalents | | 50,200 |
| Total | | 1,634,299 |
| Deposits with financial institutions | | 123,060 |
| Municipal Competitive Trust | | 1,511,239 |
| Total | $ | 1,634,299 |

The Georgia Code requires that depository institutions collateralize cash deposits of public funds. Depositories of public funds may secure deposits by the insurance of the F.D.I.C., pledged securities, or a combination of these methods. The market value of pledged securities shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance.

### *Credit Risk*

The City does not have a formal credit risk policy. 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 banker's acceptances; the local pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

### *Interest Rate Risk*

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

### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The City does not have a formal Custodial Credit Risk Policy. As of December 31, 2019, the City did not have any balances uninsured and uncollateralized as defined by GASB pronouncements.

***Investments***

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs

***Municipal Competitive Trust***

The Municipal Electric Authority of Georgia (MEAG) formed a Trust, known as the "Municipal Competitive Trust", for the benefit of its participants, (which includes the City of Ellaville, Georgia, along with forty-nine (49) other Cities and Counties). The Competitive Trust has been funded with certain monies, which have been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves, which were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves, to preserve the security of the bondholders, thus, allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and reinvested, and will be available to reduce future power supply costs of the participants to meet retail competition.

Discretionary funds from the participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust, established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C., as an investment company. The City of Ellaville, Georgia has recorded the investments in the Flexible Trust Account, in the Electric Fund, at fair market value which was $64,073 at December 31, 2019. Quoted market prices are used in the determination of fair value. The investment policy of the trust governs permitted investments, which include direct obligations of the United States Government, certain Federal agency discount notes, and money market mutual funds that are permissible securities, as well as repurchase and reverse repurchase agreements collateralized by permissible securities.

Participants may also deposit funds or have funds from the Flexible Trust Account transferred to the Generation Trust Account, which is part of the Municipal Competitive Trust, established by MEAG and represents an external investment pool that is not registered with the S.E.C., as an investment company. The City of Ellaville, Georgia has recorded the investments in the Generation Trust Account, in the Electric Fund, at fair market value which was $1,552,104 at December 31, 2019.

MEAG Power and, therefore, the City of Ellaville, Georgia, to the extent of its portion of the Flexible Trust Account and the Generation Trust Account, are exposed to credit and market risk, relating to its investments. Credit risk arises when an entity is unable to recover its investments, either by an inability to withdraw the funds through non-performance of a counter party or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines.

As of December 31, 2019, the City had the following investments:

| December 31, 2019 | | Fair Value | Maturities | Valuation Measurement Method |
|---|---|---|---|---|
| U.S. government agency and agency-backed securities | $ | 935,757 | 1/1/19-10/1/31 | Level 2 |
| Municipal bonds | | 683,906 | 9/6/19-2/1/27 | Level 2 |
| Corporate notes | | 16,792 | 10/1/2040 | Level 2 |
| Money market | | 9,845 | N/A | Level 1 |
| | $ | 1,646,300 | | |

As of December 31, 2019, the City's investments in the Municipal Competitive Trust Flexible Trust Account and Generation Trust Account consisted of investments in mortgage-backed securities; U.S. Government agency bonds and notes were rated AAA by Moody's and AA+ by S&P, and/or guaranteed by the issuer, which carries the AAA/AA+ ratings. Investments in money market mutual funds were rated AAAm by S&P and Aaa-mf by Moody's. Common equity investment trusts are not rated. A separate financial statement for Municipal Electric Authority of Georgia can be obtained from Municipal Electric Authority of Georgia, 1470 Riveredge Parkway, NW, Atlanta, Georgia 30328-4640 or www.meagpower.org.

***Realized and Unrealized Gains and Losses***

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during December was $135,066. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

**NOTE 4– RECEIVABLES AND TAX REVENUE**

***Property Tax***

Property taxes are levied in October based on property values assessed as of January 1. The billing representing the current year tax levy is due on or before December 30th. The billings are considered past due sixty (60) days after the billing date and penalties and interest are assessed. Property taxes attach as an enforceable lien on property as of October 30th.

The tax rate levied during fiscal year 2019 for the City's operations was 3.316 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at December 31, 2019.

***Sales Tax***

Schley County, Georgia has levied two 1% Special Purpose Local Option Sales Tax (SPLOST) Programs which were passed by referendum in 2013 and 2019. The proceeds from these sales tax programs are used to finance various capital projects. The SPLOST programs are administered by Schley County, Georgia.

***Receivables***

Receivables as of December 31, 2019 are as follows:

| | General Fund | SPLOST | Water and Sewer Fund | Electric Revenue |
|---|---|---|---|---|
| Accounts receivable | 63,763 | | 122,575 | 296,907 |
| Property tax receivable | 31,605 | | - | - |
| Sales tax receivable | | 19,288 | - | - |
| Due from other governments | 9,898 | | - | - |
| Gross receivables | 105,266 | 19,288 | 122,575 | 296,907 |
| Less: | | | | |
| Allowance for uncollectibles | | | (5,000) | (73,660) |
| Net total receivables | 105,266 | 19,288 | 117,575 | 223,247 |

| | Total |
|---|---|
| Accounts receivable | 483,245 |
| Property tax receivable | 31,605 |
| Sales tax receivable | 19,288 |
| Due from other governments | 9,898 |
| Gross receivables | 544,036 |
| Less: | |
| Allowance for uncollectibles | (78,660) |
| Net total receivables | 465,376 |

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

***Interfund Receivables and Payables***

Generally, outstanding balances between funds include outstanding charges by one fund to another for services or goods and other miscellaneous receivables and payables between funds. There were no interfund receivables and payables at December 31, 2019.

***Interfund Transfers***

Interfund transfers are used to move revenues from the fund that the Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund and Enterprise Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

| Transfers | Debit | Credit |
|---|---|---|
| General Fund | $ 980,591 | $ 329,900 |
| SPLOST | | 106,641 |
| Water | 50,201 | |
| Electric | 171,179 | 765,430 |
| | $ 1,201,971 | $ 1,201,971 |

**NOTE 6 – CAPITAL ASSETS**

The following is a summary of capital asset activity as of December 31, 2019:

| *Governmental activities:* | Beginning | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 129,133 | $ - | $ - | $ 129,133 |
| Total capital assets not being depreciated | 129,133 | - | - | 129,133 |
| Other capital assets: | | | | |
| Building and improvements | 440,510 | - | - | 440,510 |
| Machinery and equipment | 852,563 | 54,084 | - | 906,647 |
| Infrastructure | 2,592,214 | 9,898 | - | 2,602,112 |
| Total other capital assets at cost | 3,885,287 | 63,982 | - | 3,949,269 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (150,452) | (7,592) | - | (158,044) |
| Machinery and equipment | (647,909) | (208,095) | - | (856,004) |
| Infrastructure | (319,162) | (25,287) | - | (344,449) |
| Total accumulated depreciation | (1,117,523) | (240,974) | - | (1,358,497) |
| Other capital assets, net | 2,767,764 | (176,992) | - | 2,590,772 |
| Governmental activities capital assets, net | $ 2,896,897 | $ (176,992) | $ - | $ 2,719,905 |

| *Business-type activities:* | Beginning Balance Restated | Increases | Decreases | Adjustments | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land and land improvements | $ 167,242 | $ - | $ - | $ - | $ 167,242 |
| Construction in progress | 17,559 | | (17,559) | - | - |
| Total capital assets not being depreciated | 184,801 | - | (17,559) | - | 167,242 |
| Other capital assets: Buildings and system | 7,881,831 | 400,891 | (116,636) | 107,445 | 8,273,531 |
| Machinery and equipment | 1,503,600 | | - | 18,661 | 1,522,261 |
| Total other capital assets at cost | 9,385,431 | 400,891 | (116,636) | 126,106 | 9,795,792 |
| Less accumulated depreciation for: Buildings and improvements | (4,364,074) | (180,912) | - | - | (4,544,986) |
| Machinery and equipment | (1,076,063) | (57,106) | - | - | (1,133,169) |
| Total accumulated depreciation | (5,440,137) | (238,018) | - | - | (5,678,155) |
| Other capital assets, net | 3,945,294 | 162,873 | (116,636) | 126,106 | 4,117,637 |
| Business-type activities capital assets, net | $ 4,130,095 | $ 162,873 | $ (134,195) | $ 126,106 | $ 4,284,879 |

| Governmental Activities | |
|---|---|
| General government | $ 14,875 |
| Public safety | 78,448 |
| Public works | 147,651 |
| Total government Activities depreciation expense | $ 240,974 |

| Business-type activities | |
|---|---|
| Water and sewer | $ 127,160 |
| Electric | 110,858 |
| Total government Activities depreciation expense | $ 238,018 |

**NOTE 7—SHORT-TERM DEBT**

The City has statutory authority to negotiate temporary loans. The City borrowed funds for interim financing of General Fund operations. The City borrowed and repaid with interest, by December 31, 2019 $275,168 in notes payable to a bank with funds provided by a local resident. The amount payable to the resident is included in other liabilities in the amount of $182,135 at December 31, 2019. There was no formal agreement therefore no interest was paid or accrued on the amount. There were no short-term loans to the bank outstanding at fiscal year-end.

Short-term debt activity for the year ended December 31, 2019, was as follows:

| | | |
|---|---|---|
| Balance, January 1, 2019 | $ | |
| Increases | | 182,135 |
| Decreases | | (182,135) |
| Balance, December 31, 2019 | $ | - |

On January 7, 2019 the City entered into an agreement with a bank for a short term note in the amount of $182,135, maturing January 7, 2020, with an interest rate of 5.25%. This note was paid in full before December 31, 2019.

**NOTE 8 – LONG-TERM DEBT**

***Revenue Bonds***

The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. The City's enterprise funds' revenue bonds outstanding at December 31, 2019, are as follows:

| Enterprise Fund And Description | Original Amount | Interest Rate | Due Date | | Amount |
|---|---|---|---|---|---|
| City of Ellaville Comb. Utility Series 2014 Bonds | $2,215,000 | 2%-4% | 2036 | $ | 1,855,000 |
| | | | Balance January 1, 2019 | | 1,855,000 |
| | | | Less: current portion | | (80,000) |
| | | | Balance December 31, 2019 | $ | 1,775,000 |
| Bond Amoritization Cost 12/31/2016 | | | | $ | 72,259 |
| Prior Years Amoritization | | | | | (10,323) |
| 12/31/2019 Amoritization | | | | | (3,441) |
| Balance 12/31/2019 | | | | $ | 58,495 |

The City of Ellaville (Georgia) Combined Utility Revenue Bonds, (REGIONS) Series 2014 were issued July 17, 2014 in the amount of $2,215,000 for the purpose of (a) financing the acquisition, construction and installation of additions, extensions, and improvements to the water and sewerage portion of the System ("Series 2014 Project"), (b) refunding the City's outstanding Water and Sewerage Revenue Bonds, Series 1987A, Water and Sewerage Revenue Bonds, Series 1987B and Water and Sewerage Revenue Bonds, Series 2000A, repaying Georgia Environmental Finance Authority promissory ("the GEFA Note") dated December 31, 1995.

The balance as of December 31, 2019 is $ 1,775,000.

| | |
|---|---|
| Balance 12-31-18 | $ 1,855,000 |
| Payments | 80,000 |
| Balance 12-31-19 | $ 1,775,000 |

The annual debt service requirement to maturity of the Series 2014 bonds at December 31, 2019 is as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 85,000 | $ 58,723 | $ 143,723 |
| 2021 | 85,000 | 56,698 | 141,698 |
| 2022 | 85,000 | 54,742 | 139,742 |
| 2023 | 90,000 | 52,788 | 142,788 |
| 2024 | 90,000 | 50,313 | 140,313 |
| 2025-2029 | 495,000 | 211,188 | 706,188 |
| 2030-2034 | 580,000 | 122,550 | 702,550 |
| 2035-2036 | 265,000 | 16,000 | 281,000 |
| | $ 1,775,000 | $ 623,002 | $ 2,398,002 |

***Notes Payable***

*Governmental Activities*

At December 31, 2019, Governmental Activities had notes payable to the USDA in the amount of $28,263 for the purchase of vehicles for the City's public works department. The notes are being serviced by the General Fund and are secured by the vehicles. The terms of the notes are as follows:

| Purpose | Original Amount of Note | Maturity Date | Interest Rate | Year-end Balance |
|---|---|---|---|---|
| Public works vehicles | $ 9,900 | 8/24/2021 | 2.75% | $ 4,120 |
| Public works vehicles | 39,000 | 12/1/2022 | 3.25% | 24,143 |
| | | | | $ 28,263 |

As of December 31, 2019, annual debt service requirements of the notes to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | 9,826 | 898 | 10,724 |
| 2021 | 10,131 | 593 | 10,724 |
| 2022 | 8,306 | 270 | 8,576 |
| 2023 | 0 | 0 | 0 |
| | $ 28,263 | $ 1,761 | $ 30,024 |

***Georgia Environmental Facilities Authority***

At December 31, 2019, the Water and Sewer Fund had a note payable to the Georgia Environmental Facilities Authority whereby it may borrow up to $501,000. (Note DW2016046)

At December 31, 2019 a total of $400,891 had been drawn on the note. Balance due on the note as of December 31, 2019 is $ 400,891.00

Principal payments in the amount of $ 23,207 was made January 1, 2019 through February 2019 leaving a balance of $ 377,684 with monthly payments of principal and interest in the amount of $ 1732 for a period of 20 years at a rate of interest of 0.8900% per annum.

The following is a summary of the City of Ellaville, Georgia, for the year ended December 31, 2019.

| | | |
|---|---|---|
| Balance, December 31, 2018 | | 14,051 |
| Draws | | 386,840 |
| Balance, December 31, 2019 | $ | 400,891 |

Remaining Principal is as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 37,769 | $ 3,349 | $ 41,118 |
| 2021 | 17,620 | 3,160 | 20,780 |
| 2022 | 17,777 | 3,003 | 20,780 |
| 2023 | 17,936 | 2,844 | 20,780 |
| 2024 | 18,097 | 2,683 | 20,780 |
| 2025-2039 | 291,692 | 24,786 | 316,478 |
| | $ 400,891 | $ 39,825 | $ 440,716 |

At December 31, 2019 the Water Sewer Fund had a note payable in the amount of $10,344 with a interest rate of 1.84%. Terms of the note has not been reached as of September 30, 2020. (Note DW2017035)

***Capital Leases***

*Business-type activities*

The City has entered into a lease agreement as lessee for financing the acquisition and construction of electrical system improvements through Municipal Electric Authority of Georgia ("MEAG"). The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and has been recorded at the present values of the future minimum lease payments as of the date of inception. This lease is being serviced by the Electric Fund with quarterly payments in the amount of $30,575 and an interest rate of 2.76%. The lease is secured by the underlying assets of the lease. The capital lease obligation at December 31, 2019 was $875,236.

As of December 31, 2019, annual debt service requirements of the notes to maturity are as follows:

| Fiscal Year Ending, | Electric Fund |
|---|---|
| 2020 | $ 122,301 |
| 2021 | 122,301 |
| 2022 | 122,301 |
| 2023 | 122,301 |
| 2024 | 122,301 |
| 2025-2027 | 358,884 |
| Total minimum lease payments | $ 970,389 |
| Less amount representing interest | (95,153) |
| | $ 875,236 |

Leased system assets under capital lease in capital assets at December 31, 2019, included the following:

| | Electric Fund |
|---|---|
| Buildings and system | $ 1,065,000 |
| Less accumulated amortization | (71,000) |
| Carrying value | $ 994,000 |

Amortization of leased systems under capital assets is included with depreciation expense.

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended December 31, 2019 was as follows:

| | Beginning Balance Restated | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Notes Payable | $ 37,790 | $ - | $ 9,527 | $ 28,263 | $ 9,826 |
| Total Governmental activities long-term liabilities | 37,790 | - | 9,527 | 28,263 | 9,826 |
| Business-type activities: | | | | | |
| Revenue bonds | 1,855,000 | $ - | 80,000 | 1,775,000 | 85,000 |
| Total bonds payable | 1,855,000 | - | 80,000 | 1,775,000 | 85,000 |
| Capital leases payable | 963,287 | | 88,050 | 875,236 | 88,123 |
| GEFA | 14,051 | 386,840 | - | 400,890 | 37,769 |
| GEFA | - | 10,344 | - | 10,344 | 10,344 |
| Total Business-type activities long-term liabilities | $ 2,832,337 | $ 397,184 | $ 168,051 | $ 3,061,470 | $ 221,236 |

**NOTE 9 – RESTRICTIONS OF FUND BALANCES**

In the governmental fund financial statements, fund balances consist of non spendable, restricted and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unassigned.

In the proprietary fund financial statements, fund balances consist of net investment in capital assets, restricted and unrestricted amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unrestricted.

Fund balance and net position restrictions at December 31, 2019 include:

| | |
|---|---|
| Capital Projects Funds | |
| Restricted to reflect resources legally restricted for specific purposes | $ 55,477 |

**NOTE 10 – DEFICIT FUND BALANCES**

The General Fund had a deficit fund balance at December 31, 2019 of $89,056. This deficit will be financed through future revenues of the fund.

**NOTE 11 – BENEFIT PLANS**

***Primary Government***

*City of Ellaville Retirement Plan*

Plan Description

The City's defined benefit pension plan, City of Ellaville Retirement Plan (CCRP), provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CCRP is affiliated with the Georgia Municipal Employees' Benefit System; an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the benefit provisions of the plans that participate in CCRP. The Georgia Municipal Employees' Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for CCRP. That report may be obtained by writing to the Georgia Municipal Employees' Benefit System, 201 Pryor Street, Southwest, Atlanta, Georgia 30303.

All full-time City employees are eligible to participate in the Plan. Benefits vest after ten years of service. Participants become eligible to retire at age 65 with 5 years of participation in the Plan.

Funding Policy

The City is required to contribute at an actuarially determined rate in accordance with Section 47-20 of the Georgia Code, which sets forth the minimum funding standards for state and local government pension plans. Plan participants are not required to contribute to the Plan. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the contribution rates for the City and its plan participants.

The annual City contribution to the Plan is determined using the actuarial basis described in the annual valuation report. The annual City contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20. The City contributions for the calendar year ending December 31, 2019 were $ 65,993.

Plan membership at December 31, 2019 was as follows:

| | |
|---|---|
| Active vested participants | 20 |
| Vested terminated participants | 13 |
| Retired participants and beneficiaries | 26 |

Actuarial assumptions

The total pension liability as of December 31, 2019 was determined by an actuarial valuation as of January 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---|---|---|
| Cost of living adjustment | 0% | |
| Salary increases | 2.75% | Plus service based merit increases |
| Investment rate of return | 7.50% | |

Mortality rates were based on the RP-2000 Combined Mortality Table. Disability rates were based on RP-2000 Disabled Retiree Mortality Table. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments 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 guidelines for asset allocation are as follows:

| Asset allocation | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic equity | 45% | 6.41% |
| International equity | 20% | 7.40% |
| Real estate | 10% | 5.10% |
| Global fixed income | 5% | 3.03% |
| Domestic fixed income | 20% | 1.75% |
| Cash | 0% | |
| Total | 100% | |

Discount rate

The discount rate used to measure the total pension liability was 7.50 %. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as the forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. 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 periods of projected benefit payments to determine the total pension liability.

| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|---|---|---|
| Balances at September 30, 2017: | $ 1,394,897 | $ 902,691 | $ 492,206 |
| Service cost | 27,194 | | 27,194 |
| Interest | 102,312 | | 102,312 |
| Differences between expected and actual experience | 36,081 | | 36,081 |
| Contributions - employer | | 65,993 | (65,993) |
| Net investment income | | 87,422 | (87,422) |
| Benefit payments | (115,873) | (115,873) | - |
| Administrative expense | | (11,091) | 11,091 |
| Other | - | | - |
| Net changes | 49,714 | 26,451 | 23,263 |
| Balances at September 30, 2018 | $ 1,444,611 | $ 929,142 | $ 515,469 |

Sensitivity of the net pension liability changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| | -6.50% | -7.50% | -8.50% |
| | $ 664,575 | $ 515,469 | $ 389,467 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

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

For the year ended December 31, 2019, the City recognized pension expense of $125,757. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 50,471 | $ - |
| Post valuation employer contributions | | - |
| Changes of assumptions | 7,539 | - |
| Net difference between projected and actual earnings on investments | | (53,706) |
| Total | $ 58,010.00 | $ (53,706.00) |

| Projected recognition of deferred outflows/(inflows) | Year Ended December 31, | |
|---|---|---|
| | 2020 | $ 34,452 |
| | 2021 | (9,492) |
| | 2022 | (16,255) |
| | 2023 | (4,401) |
| | 2024 | - |

*Other Retirement Plans*

In addition to the above retirement plan, of which the City is the administrator, the following retirement plans are in effect but are not under the direct control of the City:

- Georgia Firefighters' Pension Fund
- Peace Officers' Annuity and Benefit Fund of Georgia

These plans provide for certain sums from licenses, fees, fines and forfeitures to be remitted directly to the pension plans before the payment of any costs or other claims. GASB Statement No. 68 valuation reports and schedule can be found on their respective web sites.

**NOTE 12 – RISK MANAGEMENT**

The City of Ellaville 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. All major risks are covered by commercial comprehensive insurance.

The City has joined together with other municipalities in the State, as part of the Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund, a public entity risk pool, currently operating as a common risk management and insurance program for member local governments. The purpose of the Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may, at any time, be instituted against them on account of injuries or death within the preview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation, therefore, although such suits, other proceedings, allegations or demands may be wholly groundless, false or fraudulent.

As part of these risk pools, the City is obligated to pay all contributions and assessments, as prescribed by the pools, to cooperate with the pool's 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 issue, all incidents, which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds. The funds are to pay all costs taxed against members in any legal proceedings, defended by members, all interest accruing after judgment, and all expenses incurred for investigation, negotiation or defense.

The City of Ellaville also provides health insurance coverage for its employees through Georgia Municipal Association.

During the year ended December 31, 2019, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage for the past threeyears.

**NOTE 13 – JOINT VENTURES**

***River Valley Regional Commission***

Under Georgia law, the City, in conjunction with other cities and counties in the West Central Georgia area, is a member of the River Valley Regional Commission (RVRC) and is required to pay annual dues thereto. During the year ended December 31, 2019, the City paid $14,324 in such dues.

Membership in an RVRC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RVRC in Georgia. The RVRC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member

governments are liable for any debts or obligations of the RVRC. Separate financial statements may be obtained from:

River Valley Regional Commission
228 West Lamar Street
Americus, Georgia 31709

**NOTE 14 – RELATED ORGANIZATIONS**

The Columbus Housing Authority, of which Ellaville is a part, is a related organization that has not been included in the reporting entity. The Authority's Board consists of eight members, two are appointed by the City of Ellaville. However, the City has no further accountability for this organization.

## NOTE 15 – COMMITMENTS AND CONTINGENCIES

### *Litigation*

The City is involved in a number of legal matters, which either have or could result in litigation. In the opinion of the City's management, the ultimate outcome of these matters will not have a material impact on the financial position of the City.

### *Grants from Governments*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City expects such disallowed amounts, if any, would not have a material impact on the financial position of the City.

### *Agreements with the Municipal Electric Authority of Georgia*

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits inure to the benefit of the public.

In October 1995, the City of Ellaville entered a contract with MEAG and as an electric utility participant in MEAG is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all its future power and energy requirements at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG.

In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts were $2,115,277 in 2019.

At December 31, 2019, the outstanding debt of MEAG was approximately $6.01 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $13.83 million at December 31, 2019.

In May 1996, the City entered into a 50 year contract with MEAG to participate in MEAG's telecommunications project. This fiber optic communications project is to enable MEAG to continue to provide the City's power and energy supply and will provide the City with access to a fiber optic communications system. In the event that the City is unable to make any of its annually determined payments for use of the fiber optic communications system, the City has agreed to assess and collect property tax sufficient to provide such funds for the remainder of the life of this contract.

MEAG was authorized to issue bonds to finance the cost of acquisition and construction of the project. MEAG bills the City monthly for its share of the debt service.

The City and other members of MEAG's telecommunications project created Georgia Public Web (A Georgia not for profit corporation) to provide internet and telecommunications services to customers in Georgia. In August, 2000, the City signed a 50 year commitment to pay, on a monthly basis, a proportionate share of the difference between Georgia Public Web's budgeted cost and revenues. The City's proportionate share is 1.16%.

On February 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (Trust). The Trust was created by MEAG, in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electrical systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Ellaville. MEAG expects that after such legislation is effective, market rates for power will result, which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Ellaville and within the account, creates the following subaccounts, in which the City of Ellaville participates:

*Flexible Trust Account*

The MEAG trust agreement also created a flexible trust account. The City has the right to withdraw these funds. The balance in the flexible trust account, as of December 31, 2019, was $32,132 and has been recorded as an asset of the City.

*Reserve Funded Debt Account*

The Municipal Competitive Trust also contains a "Reserve Funded Debt Account", which had, on December 31, 2019, a balance of $4,632. The balance in this account is not recognized as an asset of the City of Ellaville as the City's right to control the funds is contingent upon MEAG’s consent.

*Generation Trust Account*

This subaccount may be funded by contributions by the City from any of its own funds that is has available for such purposes, including funds contained within the City's Flexible Operating Trust Account. The trustee is required to pay all or any portion of such amounts contained in the City's New Generation and Capacity Funding Account as directed in writing by the City for any of the following purposes: (1) to be applied as a credit against the City's obligation share of costs in connection with Plant Vogtle Units 3 and 4; (2) to be applied as credit against the City's obligation share of any other future generation project costs created by MEAG; (3) to be applied as a credit against any capital contributions committed to by Ellaville in the event that MEAG provides the City with the option of paying interest expense incurred in connection with the construction of any generation project prior to its commercial operation date; (4) to be applied as a credit against capacity charges incurred by the City in connection with power purchase agreements entered into by MEAG for the purpose of meeting the supplemental power needs of the City; and (5) as a payment to MEAG to mitigate that portion of any budgeted Bulk Power Supply cost increases incurred by the City which exceeds the City's prior year budgeted Bulk Power Supply costs by greater than 12%. The balance in the New Generation Trust Account, as of December 31, 2019, was $1,479,107 and has been recorded as an asset of the City.

***Sanitation Contract***

The City contracted on August 27, 1997 with Solid Waste Management Authority of Crisp City for a period of 25 years for sanitation services. The Authority will bill the City a fee of $14.88 per month for residential pickup (per resident) and various rates per cubic yard for dumpster pickup. This is approximately $17,800 permonth.

***Police Department, Jail and Office Lease***

The City agreed with the Schley Board of Commissioners to pay $18,000 for use of the City jail, jailers, and utilities for the twelve months ended December 31, 2019.

**NOTE 15 – PRIOR PERIOD ADJUSTMENTS**

The beginning balances of capital assets and long-term liabilities have been restated to reflect long-term debt agreements for the acquisition and construction of capital assets that were entered into prior to December 31, 2017 but were not recorded. The effect of the restatement to governmental activities was to increase the beginning balances of capital assets and long-term liabilities in the amount of $48,008. The effect of the restatement to business-type activities was to increase the beginning balances of capital assets and long-term liabilities in the amount of $1,065,000. The restatement had no effect on beginning net position or change in net position.

# City of Ellaville, Georgia
## Required Supplementary Information
## Schedule of Changes in Net Pension Liability and Related Ratios
## For the Year Ended December 31, 2019

| For the year ended December 31, | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Total pension liability | | | | | |
| Service cost | $ 22,158 | $ 21,263 | $ 23,602 | $ 29,012 | $ 27,194 |
| Interest | 81,867 | 84,537 | 87,071 | 94,716 | 102,312 |
| Differences between expected and actual experience | 20,031 | 17,481 | 51,980 | 79,251 | 36,081 |
| Changes of assumptions | 321 | - | - | 22,617 | - |
| Changes of benefit terms | - | - | 34,056 | | |
| Benefit payments | (89,115) | (90,736) | (90,434) | (105,686) | (115,873) |
| Net change in total pension liability | 35,262 | 32,545 | 106,275 | 119,910 | 49,714 |
| Total pension liability, beginning | 1,100,905 | 1,136,167 | 1,168,712 | 1,274,987 | 1,394,897 |
| Total pension liability, ending (a) | 1,136,167 | 1,168,712 | 1,274,987 | 1,394,897 | 1,444,611 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | 57,114 | 68,071 | 49,527 | 91,118 | 65,993 |
| Contributions - employee | - | - | - | - | - |
| Net investment income | 84,194 | 10,251 | 84,276 | 120,884 | 87,422 |
| Benefit payments | (89,115) | (90,736) | (90,434) | (105,686) | (115,873) |
| Administrative expense | (6,368) | (7,789) | (6,858) | (11,833) | (11,091) |
| Other | - | - | - | - | - |
| Net change in fiduciary net position | 45,825 | (20,203) | 36,511 | 94,483 | 26,451 |
| Plan fiduciary net position - beginning | 746,075 | 791,900 | 771,697 | 808,208 | 902,691 |
| Plan fiduciary net position - ending (b) | 791,900 | 771,697 | 808,208 | 902,691 | 929,142 |
| Net pension liability - ending: (a)-(b) | $ 344,267 | $ 397,015 | $ 466,779 | $ 492,206 | $ 515,469 |

Notes to the Schedule:

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

# City of Ellaville, Georgia
# Required Supplementary Information
# Schedule of Government Contributions
# For the Year Ended December 31, 2019

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 57,114 | $ 64,636 | $ 69,121 | $ 87,990 | * |
| Contributions in relation to the actuarially determined contribution | 57,114 | 54,913 | 79,894 | 65,993 | * |
| Contribution deficiency (excess) | - | 9,723 | (10,773) | 21,997 | * |
| Covered-employee payroll | $ 503,600 | $ 554,446 | $ 735,468 | $ 681,912 | * |
| Contributions as a percentage of covered-employee payroll | 11.34% | 9.90% | 10.86% | 9.68% | * |

* 2019 information will be determined after fiscal year end and will be included in the 2020 valuation report

Notes to the Schedule:

(1) Actuarial Assumptions

| | |
|---|---|
| Valuation date | January 1, 2019 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Closed level dollar for remaining unfunded liability |
| | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Net investment rate of return | 7.50% |
| Projected salary increases | 2.75% plus service based merit increases |
| Cost of living adjustments | 0% |
| Remaining amortization period | 11 years |

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

# HERBERT E. ALLEN

CERTIFIED PUBLIC ACCOUNTANT

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

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

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

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of internal control

findings as items 18-01 and 18-02, that we consider to be material weaknesses.

**Compliance and Other Matters**

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

**City of Ellaville, Georgia's Response to Findings**

City of Ellaville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Ellaville, Georgia'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.



Americus, Georgia

September 30, 2020

# City of Ellaville, Georgia
# Schedule of Financial Statement Findings and Responses
# December 31, 2019

**Financial Statement Findings and Responses**

Findings noted on the Independent Auditors' 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.*

**2019-001**
**Criteria:**
Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

**Condition:**
City of Ellaville, Georgia is a small local government and has a limited amount of resources and employees. Therefore, the City does not have an adequate number of employees to provide for the proper segregation of duties.

**Cause of Condition:**
Since the City is a small local government, it is not financially feasible for the City to hire additional employees to provide for an adequate segregation of duties.

**Effect of Condition:**
The City's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

**Response of Management:**
Management concurs with this finding and is continually working to improve controls to mitigate the risks associated with this condition including the cross-training of staff for rotation of responsibilities.

**2019-002**

**Criteria:**

Generally accepted accounting principles require Governmental Fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting and the Proprietary Fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting.

**Condition:**

The City's year end closing policies and procedures did not prevent misstatements in the funds.

**Cause of Condition:**

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

**Effect of Condition:**

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

**Response of Management:**

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over financial reporting.

# HERBERT E. ALLEN

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## INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and City Council
City of Ellaville
Ellaville, Georgia 31806

**Gentlemen:**

**We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Ellaville, Georgia, for the year ended December 31, 2019. This schedule is the responsibility of the City of Ellaville's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.**

**We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.**

**The accompanying Schedule of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48- 8- 121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Ellaville's revenues and expenditures.**

**In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current and prior year expenditures for each project of the City of Ellaville for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.**

HERBERT E. ALLEN, CPA
September 30, 2020

# City of Ellaville, Georgia
## Schedule of Special Purpose Local Option Sales Tax Expenditures
## December 31, 2019

| | Original Estimated Cost | Expenditures | | | Estimated % of Completion |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total | |
| *Special Purpose Local Option Sales Tax - 2013* | | | | | |
| Corridor/Gateway Enhancements | $ 50,000 | $ 48,591 | $ - | $ 48,591 | 97% |
| Equipment and Vehicles | 50,000 | 58,876 | | 77,537 | 100% |
| Electrical System Upgrades/Expansion | 250,000 | 195,355 | 54,536 | 232,455 | 93% |
| Police Car | 50,000 | 54,493 | - | 54,493 | 100% |
| Improvements to Sidewalks, Pedestrian Signals and Crossings | 75,000 | 75,000 | 9,898 | 75,000 | 100% |
| Water Plant Improvements & Expansion | 250,000 | 2,637 | 31,207 | 72,982 | 29% |
| Total | $ 725,000 | $ 434,952 | $ 95,641 | $ 561,058 | |

| | Original Estimated Cost | Expenditures | | | Estimated % of Completion |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total | |
| *Special Purpose Local Option Sales Tax - 2019* | | | | | |
| City Buildings Improvements/Renovations | $ 200,000 | | | | 0% |
| Utility Equipment Improvements | 125,000 | | | | 0% |
| Police Improvements | 150 | | | | 0% |
| Street/Paving/Sidewalk Improvements | 100,000 | | | | 0% |
| Drainage Improvements | 100,000 | | | | 0% |
| Water Utility Improvements | 50,000 | | | | 0% |
| Total | $ 575,150 | $ - | $ - | $ - | |