# EMERSON

GEORGIA • EST. 1889

Annual Financial Report

For the Fiscal Year Ended

June 30, 2021

By Authority of

The Mayor and City Council

This Page Intentionally Left Blank

# CITY OF EMERSON, GEORGIA
## Annual Financial Report
## Year Ended June 30, 2021

## Table of Contents


**FINANCIAL SECTION**

Independent Auditor's Report ..... 1

**Basic Financial Statements:**

Government Wide Financial Statements:

Statement of Net Position ..... 7

Statement Of Activities ..... 8

Fund Financial Statements:

Balance Sheet - Governmental Funds ..... 11

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds ..... 12

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..... 13

Statement of Revenues, Expenditures, and Changes in Fund Balances-General Fund-Budget and Actual ..... 14

Statement of Revenues, Expenditures, and Changes in Fund Balance

Hotel/Motel Tax - Special Revenue Fund - Budget and Actual ..... 15

Statement of Revenues, Expenditures, and Changes in Fund Balance

Confiscated Asset - Special Revenue Fund - Budget and Actual ..... 16

Statement of Net Position-Proprietary Funds ..... 17

Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds ..... 18

Statement of Cash Flows-Proprietary Funds ..... 19

Notes to the Financial Statements ..... 21

**Required Supplementary Information**

Schedule of Changes in Net Pension Liability and Related Ratios ..... 42

Schedule of Contributions - Pension Plan ..... 43

**Capital Project Fund Schedules**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2014 SPLOST - Capital Projects Fund - Budget and Actual From Inception ..... 46

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2014 SPLOST - Capital Projects Fund - Budget and Actual From Inception ..... 47

**COMPLIANCE SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* ..... 51

Schedule of Special Local Option Sales Tax Expenditures - 2020 SPLOST ..... 53

Schedule of Special Local Option Sales Tax Expenditures - 2014 SPLOST ..... 54

This Page Intentionally Left Blank

EMERSON
GEORGIA • EST. 1889

# Financial Section

This Page Intentionally Left Blank

P.O. BOX 473
CARTERSVILLE, GA 30120
(770) 382-3361
FAX (770) 386-8382
WWW.WCPAS.COM

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Of the City of Emerson, 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 Emerson, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Emerson, Georgia'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 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 Emerson, Georgia as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Hotel/Motel Tax Special Revenue Fund, the Confiscated Asset Special Revenue Fund, and the School Zone Camera Special Revenue Fund 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 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 Schedule of Changes in Net Pension Liability and Related Ratios on page 42 and the Schedule of Contributions – Pension Plan on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Emerson's basic financial statements. The capital projects fund budgetary comparisons on pages 46 and 47 and the Schedules of Special Purpose Local Option Sales Tax Expenditures on pages 53 and 54 as required by the Georgia code section OCGA §48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain limited procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole. The Schedules of Special Purpose Local Option Sales Tax Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain limited 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 Schedules of Special Purpose Local Option Sales Tax Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2021, on our consideration of the City of Emerson, 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 Emerson, Georgia's internal control over financial reporting and compliance.

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
December 13, 2021

This Page Intentionally Left Blank



EMERSON
GEORGIA • EST. 1889

# Basic Financial Statements

This Page Intentionally Left Blank

# CITY OF EMERSON, GEORGIA
Statement of Net Position
June 30, 2021

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS** | | | |
| Cash | $ 2,903,475 | $ 727,106 | $ 3,630,581 |
| Receivables - Net | 197,800 | 140,200 | 338,000 |
| Inventory | - | 12,681 | 12,681 |
| Internal Balances | 111,918 | (111,918) | - |
| Capital Assets | | | |
| Other Capital Assets-Net | 1,293,847 | 12,265,932 | 13,559,779 |
| Land and Construction in Progress | 660,832 | 108,002 | 768,834 |
| Total Assets | 5,167,872 | 13,142,003 | 18,309,875 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension Plan | 67,785 | 12,010 | 79,795 |
| Total Deferred Outflows of Resources | 67,785 | 12,010 | 79,795 |
| Total Assets and Deferred Outflows of Resources | 5,235,657 | 13,154,013 | 18,389,670 |
| **LIABILITIES** | | | |
| Accounts Payable | 72,295 | 30,143 | 102,438 |
| Accrued Liabilities | 49,763 | 1,787 | 51,550 |
| Customer Deposits | - | 59,965 | 59,965 |
| Unreleased Confiscated Deposits | 79,619 | - | 79,619 |
| Net Pension Liability | 178,925 | 31,699 | 210,624 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 43,308 | 42,154 | 85,462 |
| Due in More Than One Year | 60,447 | 1,553,567 | 1,614,014 |
| Total Liabilities | 484,357 | 1,719,315 | 2,203,672 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension Plan | 12,048 | 2,135 | 14,183 |
| Total Deferred Inflows of Resources | 12,048 | 2,135 | 14,183 |
| Total Liabilities and Deferred Inflows of Resources | 496,405 | 1,721,450 | 2,217,855 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 1,921,248 | 10,778,995 | 12,700,243 |
| Restricted for: | | | |
| Capital Projects | 730,058 | - | 730,058 |
| Law Enforcement Activities | 162,812 | - | 162,812 |
| Unrestricted | 1,925,134 | 653,568 | 2,578,702 |
| Total Net Position | $ 4,739,252 | $ 11,432,563 | $ 16,171,815 |

The accompanying notes are an integral part of this financial statement.

# CITY OF EMERSON, GEORGIA
Statement of Activities
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary Government:** | | | | |
| Governmental Activities: | | | | |
| Council, Commissions, and Boards | 13,583 | $ - | $ - | $ - |
| General Government | 795,872 | 372,188 | 119,383 | 381,221 |
| Municipal Court | 170,207 | 964,060 | - | - |
| Contracted Services | 99,713 | - | - | - |
| Public Safety | 902,082 | 1,585 | - | - |
| Public Works | 416,808 | - | - | - |
| Culture and Recreation | 27,511 | 13,075 | - | - |
| Interest on Long-term Debt | 2,548 | - | - | - |
| Total Governmental Activities | 2,428,324 | 1,350,908 | 119,383 | 381,221 |
| Business-type Activities: | | | | |
| Water/Sewer | 1,348,931 | 1,060,366 | - | - |
| Solid Waste | 136,172 | 139,162 | - | - |
| Total Business-type Activities | 1,485,103 | 1,199,528 | - | - |
| Total Primary Government | $ 3,913,427 | $ 2,550,436 | $ 119,383 | $ 381,221 |

The accompanying notes are an integral part of this financial statement.

# CITY OF EMERSON, GEORGIA
Statement of Activities
For the Year Ended June 30, 2021

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|
| | Primary Government | | |
| | Governmental Activities | Business-type Activities | Totals |
| **Primary Government:** | | | |
| Governmental Activities: | | | |
| Council, Commissions, and Boards | (13,583) | $ | $ (13,583) |
| General Government | 76,921 | | 76,921 |
| Municipal Court | 793,853 | | 793,853 |
| Contracted Services | (99,713) | | (99,713) |
| Public Safety | (900,497) | | (900,497) |
| Public Works | (416,808) | | (416,808) |
| Culture and Recreation | (14,436) | | (14,436) |
| Interest on Long-term Debt | (2,548) | | (2,548) |
| Total Governmental Activities | (576,812) | | (563,229) |
| Business-type Activities: | | | |
| Water/Sewer | | (288,565) | (288,565) |
| Solid Waste | | 2,990 | 2,990 |
| Total Business-type Activities | | (285,575) | (285,575) |
| Total Primary Government | | | (848,804) |
| General Revenues: | | | |
| Taxes: | | | |
| Sales | 493,408 | - | 493,408 |
| Property | 234,557 | - | 234,557 |
| Hotel/Motel | 312,904 | - | 312,904 |
| Motor Vehicle | 36,413 | - | 36,413 |
| Insurance Premium | 118,379 | - | 118,379 |
| Malt & Mixed Beverage | 31,805 | - | 31,805 |
| Franchise | 153,143 | - | 153,143 |
| Business Occupation | 18,469 | - | 18,469 |
| Excise | 26,632 | - | 26,632 |
| Intangible | 3,934 | - | 3,934 |
| Transfer | 1,484 | - | 1,484 |
| Investment Earnings | 441 | - | 441 |
| Miscellaneous | 25,229 | 1,735 | 26,964 |
| Transfers | (105,302) | 105,302 | - |
| Total General Revenues | 1,351,496 | 107,037 | 1,458,533 |
| Change in Net Position | 774,684 | (178,538) | 596,146 |
| Beginning Net Position | 3,964,568 | 11,611,101 | 15,575,669 |
| Ending Net Position | $ 4,739,252 | $ 11,432,563 | $ 16,171,815 |

The accompanying notes are an integral part of this financial statement.

This Page Intentionally Left Blank

# CITY OF EMERSON, GEORGIA
## Balance Sheet
## Governmental Funds
## June 30, 2021

| | General | Capital Projects 2014 SPLOST Fund | Capital Projects 2020 SPLOST Fund | Hotel Motel Tax Special Revenue | Confiscated Assets Special Revenue | School Zone Camera Special Revenue | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash | $ 1,846,844 | $ 417,053 | $ 296,002 | $ 128,385 | $ 118,335 | $ 96,856 | $ 2,903,475 |
| Receivables, Net | | | | | | | |
| Accounts | - | - | - | - | - | - | - |
| Taxes | 55,024 | - | - | 42,983 | - | - | 98,007 |
| Fines | - | - | - | - | - | 27,240 | 27,240 |
| Intergovernmental | - | - | 72,553 | - | - | - | 72,553 |
| Due from Other Funds | 167,468 | - | - | - | - | - | 167,468 |
| Total Assets | $ 2,069,336 | $ 417,053 | $ 368,555 | $ 171,368 | $ 118,335 | $ 124,096 | $ 3,268,743 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | $ 53,490 | $ - | $ - | $ 18,805 | $ - | $ - | $ 72,295 |
| Accrued Payroll Liabilities | 49,763 | - | - | - | - | - | 49,763 |
| Due to Other Funds | - | 55,550 | - | - | - | - | 55,550 |
| Unreleased Confiscated Deposits | - | - | - | - | 79,619 | - | 79,619 |
| Total Liabilities | 103,253 | 55,550 | - | 18,805 | 79,619 | - | 257,227 |
| Deferred Inflows of Resources | 2,554 | - | - | - | - | - | 2,554 |
| Total Liabilities and Deferred Inflows of Resources | 105,807 | - | - | 18,805 | 79,619 | - | 259,781 |
| Fund Balance: | | | | | | | |
| Restricted for: | | | | | | | |
| Law Enforcement Activities | - | - | - | - | 38,716 | 124,096 | 162,812 |
| Capital Projects | - | 361,503 | 368,555 | - | - | - | 730,058 |
| Committed | - | - | - | 152,563 | - | - | 152,563 |
| Unassigned | 1,963,529 | - | - | - | - | - | 1,963,529 |
| Total Fund Balances | 1,963,529 | 361,503 | 368,555 | 152,563 | 38,716 | 124,096 | 3,008,962 |
| Total Liabilities and Fund Balances | $ 2,069,336 | $ 417,053 | $ 368,555 | $ 171,368 | $ 118,335 | $ 124,096 | $ 3,268,743 |

**Reconciliation of the Balance Sheet to the Statement of of Net Position**

| | | |
|---|---|---|
| Fund Balances - Total Governmental Funds | | $ 3,008,962 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds. | | |
| Governmental Capital Assets | 2,916,840 | |
| Less Accumulated Depreciation | (962,161) | 1,954,679 |
| Unearned revenues are recognized in the governmental funds for property tax collections but are not recognized in the statement of net position | | 2,554 |
| A portion of pension plan contributions are for future use and are considered deferred outflows of resources. | | 67,785 |
| Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet presented as a deferred inflow of resources on the Statement of Net Position. | | (12,048) |
| Long-term liabilites are not due and payable in the current perod and therefore are not reported in the governmental funds. | | |
| Capital Lease | (33,431) | |
| Compensated Abscences | (70,324) | |
| Net Pension Liability | (178,925) | (282,680) |
| Net Position of Governmental Activities | | $ 4,739,252 |

The accompanying notes are an integral part of this financial statement.

# CITY OF EMERSON, GEORGIA
## Statement of Revenues, Expenditures, and Changes in Fund Balances
## Governmental Funds
## For the Year Ended June 30, 2021

| | General | Capital Projects 2014 SPLOST Fund | Capital Projects 2020 SPLOST Fund | Hotel Motel Tax Special Revenue | Confiscated Assets Special Revenue | School Zone Camera Special Revenue | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Taxes | $ 1,116,940 | $ - | $ - | $ 312,904 | $ - | $ - | $ 1,429,844 |
| Licenses and Permits | 160,668 | - | - | - | - | - | 160,668 |
| Fines and Forfeitures | 456,170 | - | - | - | 45,282 | 462,608 | 964,060 |
| Charges for Services | 226,187 | - | - | - | - | - | 226,187 |
| Intergovernmental | 118,708 | - | 380,865 | - | - | - | 499,573 |
| Miscellaneous Income | 5,542 | - | - | - | - | - | 5,542 |
| Interest Income | 376 | 356 | - | - | 65 | - | 797 |
| Total Revenues | 2,084,591 | 356 | 380,865 | 312,904 | 45,347 | 462,608 | 3,286,671 |
| **EXPENDITURES** | | | | | | | |
| Current Operating: | | | | | | | |
| Council Commission & Boards | 13,583 | - | - | - | - | - | 13,583 |
| General Government | 576,053 | 3,628 | 5,590 | 143,930 | - | - | 729,201 |
| Municipal Court | 168,368 | - | - | - | - | - | 168,368 |
| Contracted Services | 99,713 | - | - | - | - | - | 99,713 |
| Public Safety | 689,833 | - | 2,012 | - | 44,390 | 109,361 | 845,596 |
| Public Works | 280,272 | - | 70,839 | - | - | - | 351,111 |
| Culture and Recreation | 16,041 | - | - | 6,481 | - | - | 22,522 |
| Capital Outlay: | | | | | | | |
| Public Safety | - | - | 48,724 | - | - | 252,225 | 300,949 |
| Public Works | - | 21,000 | - | - | - | - | 21,000 |
| Culture and Recreation | - | - | - | 6,350 | - | - | 6,350 |
| Water and Sewer System | - | 105,302 | - | - | - | - | 105,302 |
| Debt Service | | | | | | | |
| Principal | - | - | - | - | - | 34,813 | 34,813 |
| Interest | - | - | - | - | - | 2,548 | 2,548 |
| Total Expenditures | 1,843,863 | 129,930 | 127,165 | 156,761 | 44,390 | 398,947 | 2,701,056 |
| Excess of Revenues Over Expenditures | 240,728 | (129,574) | 253,700 | 156,143 | 957 | 63,661 | 585,615 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | |
| Transfers In | 112,790 | - | - | - | - | - | 112,790 |
| Transfers Out | - | - | - | (112,790) | - | - | (112,790) |
| Proceeds from Insurance Recoveries | 20,362 | - | - | - | - | - | 20,362 |
| Total Other Financing Sources (Uses) | 133,152 | - | - | (112,790) | - | - | 20,362 |
| Net Change in Fund Balances | 373,880 | (129,574) | 253,700 | 43,353 | 957 | 63,661 | 605,977 |
| Fund Balance - Beginning of Year | 1,589,649 | 491,078 | 114,855 | 109,210 | 37,759 | 60,435 | 2,402,986 |
| Fund Balance - End of Year | $ 1,963,529 | $ 361,504 | $ 368,555 | $ 152,563 | $ 38,716 | $ 124,096 | $ 3,008,963 |

The accompanying notes are an integral part of this financial statement.

## CITY OF EMERSON, GEORGIA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities for the Year Ended June 30, 2021

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | | $ 605,977 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation | | |
| Expenditures for Capital Assets | 433,601 | |
| Less Current Year Depreciation | (136,254) | 297,347 |
| Transfers of capital assets between governmental and business-type activities are not reported in the governmental fund statements | | (105,302) |
| Deferred revenues are recognized in the governmental funds for property tax collections but are not recognized in the statement of net position | | 1,413 |
| Governmental funds report monthly pension plan premiums as current period expenditures while governmental activities record a portion of those payments as deferred outflow of resources. | | (808) |
| Changes in the value of the pension plan are not reflected in the governmental funds, however they are accounted for in the governmental activities. | | (4,732) |
| Governmental funds report payments on debt principal as expenditures while those expenditures are treated as a reduction of the liability in the statement of net position | | |
| Principal Reduction | | 34,813 |
| Governmental funds do not report changes in long-term liabilities while governmental activities report a liability and the changes to such liability. | | |
| Compensated Absences | (42,770) | |
| Net Pension Liability | (11,254) | (54,024) |
| Change in Net Position of Governmental Activities | | $ 774,684 |

The accompanying notes are an integral part of this financial statement.

## CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Change in Fund Balance
General Fund - Budget and Actual
For the Year Ended June 30, 2021

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original | Final | Actual | Variance with Final Budget |
| **REVENUES** | | | | |
| Taxes | $ 984,450 | $ 1,113,264 | $ 1,116,940 | $ 3,676 |
| Licenses and Permits | 115,100 | 161,650 | 160,668 | (982) |
| Fines and Forfeitures | 277,000 | 476,550 | 456,170 | (20,380) |
| Charges for Services | 196,725 | 225,725 | 226,187 | 462 |
| Intergovernmental | - | 118,708 | 118,708 | - |
| Miscellaneous Income | 960 | 5,770 | 5,542 | (228) |
| Interest Income | 2,500 | 400 | 376 | (24) |
| Total Revenues | 1,576,735 | 2,102,067 | 2,084,591 | (17,476) |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Council Commission & Boards | 18,600 | 20,005 | 13,583 | 6,422 |
| General Government | 587,915 | 700,512 | 576,053 | 124,459 |
| Municipal Court | 181,605 | 200,780 | 168,368 | 32,412 |
| Contracted Services | 89,500 | 130,000 | 99,713 | 30,287 |
| Public Safety | 755,625 | 801,667 | 689,833 | 111,834 |
| Public Works | 350,040 | 350,348 | 280,272 | 70,076 |
| Culture and Recreation | 11,350 | 32,755 | 16,041 | 16,714 |
| Debt Service | | | | |
| Principal | 35,000 | - | - | - |
| Interest | 2,100 | - | - | - |
| Total Expenditures | 2,031,735 | 2,236,067 | 1,843,863 | 392,204 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (455,000) | (134,000) | 240,728 | 374,728 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In | 55,000 | 113,000 | 112,790 | (210) |
| Appropriated Fund Balance | 400,000 | - | - | - |
| Proceeds from Insurance Recoveries | - | 21,000 | 20,362 | (638) |
| Total Other Financing Sources (Uses) | 455,000 | 134,000 | 133,152 | (848) |
| Net Change in Fund Balance | - | - | 373,880 | 373,880 |
| Fund Balance - Beginning of Year | 1,589,649 | 1,589,649 | 1,589,649 | - |
| Fund Balance - End of Year | $ 1,589,649 | $ 1,589,649 | $ 1,963,529 | $ 373,880 |

The accompanying notes are an integral part of this financial statement.

## CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Hotel/Motel Tax Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2021

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original | Final | Actual | Variance with Final Budget |
| **REVENUES** | | | | |
| Taxes | $ 146,665 | $ 350,000 | $ 312,904 | $ (37,096) |
| Total Revenues | 146,665 | 350,000 | 312,904 | (37,096) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 64,166 | 153,125 | 143,930 | 9,195 |
| Culturer and Recreation | 11,500 | 26,001 | 6,481 | 19,520 |
| Capital Outlay: | | | | |
| Culture and Recreation | 100,000 | 128,000 | 6,350 | 121,650 |
| Total Expenditures | 175,666 | 307,126 | 156,761 | 150,365 |
| Excess of Revenues Over Expenditures | (29,001) | 42,874 | 156,143 | 113,269 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers Out | (55,000) | (131,250) | (112,790) | 18,460 |
| Appropriated Fund Balance | 84,001 | 84,001 | - | (84,001) |
| Total Other Financing Sources (Uses) | 29,001 | (47,249) | (112,790) | (65,541) |
| Net Change in Fund Balance | - | (4,375) | 43,353 | 47,728 |
| Fund Balance - Beginning of Year | 109,210 | 109,210 | 109,210 | - |
| Fund Balance - End of Year | $ 109,210 | $ 104,835 | $ 152,563 | $ 47,728 |

The accompanying notes are an integral part of this financial statement.

## CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Change in Fund Balance
Confiscated Assets Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2021

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original | Final | Actual | Variance with Final Budget |
| **REVENUES** | | | | |
| Fines and Forfeitures | $ 16,000 | $ 128,000 | $ 45,282 | $ (82,718) |
| Interest Income | 50 | 75 | 65 | (10) |
| Total Revenues | 16,050 | 128,075 | 45,347 | (82,728) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public Safety | 49,500 | 151,500 | 44,390 | 107,110 |
| Total Expenditures | 49,500 | 151,500 | 44,390 | 107,110 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (33,450) | (23,425) | 957 | 24,382 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Appropriated Fund Balance | 23,500 | 23,500 | - | (23,500) |
| Total Other Financing Sources (Uses) | 23,500 | 23,500 | - | (23,500) |
| Net Change in Fund Balance | (9,950) | 75 | 957 | 882 |
| Fund Balance - Beginning of Year | 37,759 | 37,759 | 37,759 | - |
| Fund Balance - End of Year | $ 27,809 | $ 37,834 | $ 38,716 | $ 882 |

The accompanying notes are an integral part of this financial statement.

## CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Change in Fund Balance
School Zone Camera Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2021

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original | Final | Actual | Variance with Final Budget |
| **REVENUES** | | | | |
| Fines and Forfeitures | $ 100,000 | $ 450,000 | $ 462,608 | $ 12,608 |
| Total Revenues | 100,000 | 450,000 | 462,608 | 12,608 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public Safety | - | 182,635 | 109,361 | 73,274 |
| Capital Outlay | | | | |
| Public Safety | - | 285,000 | 252,225 | 32,775 |
| Debt Service | | | | |
| Principal | 90,000 | 34,815 | 34,813 | 2 |
| Interest | 10,000 | 2,550 | 2,548 | 2 |
| Total Expenditures | 100,000 | 505,000 | 398,947 | 106,053 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | - | (55,000) | 63,661 | 118,661 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Appropriated Fund Balance | - | 55,000 | - | (55,000) |
| Total Other Financing Sources (Uses) | - | 55,000 | - | (55,000) |
| Net Change in Fund Balance | - | - | 63,661 | 63,661 |
| Fund Balance - Beginning of Year | 60,435 | 60,435 | 60,435 | - |
| Fund Balance - End of Year | $ 60,435 | $ 60,435 | $ 124,096 | $ 63,661 |

The accompanying notes are an integral part of this financial statement.

# CITY OF EMERSON, GEORGIA
## Statement of Net Position
## Proprietary Funds
## June 30, 2021

| | Water & Sewer | Solid Waste | Total |
|---|---|---|---|
| **Assets** | | | |
| Current Assets: | | | |
| Cash | $ 661,231 | $ 65,875 | $ 727,106 |
| Accounts Receivable, Net | 116,654 | 23,546 | 140,200 |
| Due From Other Funds | 1,785 | - | 1,785 |
| Inventory | 8,934 | 3,747 | 12,681 |
| Total Current Assets | 788,604 | 93,168 | 881,772 |
| Noncurrent Assets: | | | |
| Equipment | 445,992 | 138,555 | 584,547 |
| Buildings and Improvements | 35,132 | - | 35,132 |
| Distribution and Collection Systems | 16,169,759 | - | 16,169,759 |
| Less Accumulated Depreciation | (4,384,951) | (138,555) | (4,523,506) |
| Land and Easements | 108,002 | - | 108,002 |
| Total Noncurrent Assets | 12,373,934 | - | 12,373,934 |
| Total Assets | 13,162,538 | 93,168 | 13,255,706 |
| **Deferred Outflows of Resources** | | | |
| Pension Plan | 9,113 | 2,897 | 12,010 |
| Total Deferred Outflows of Resources | 9,113 | 2,897 | 12,010 |
| Total Assets and Deferred Outflows of Resources | 13,171,651 | 96,065 | 13,267,716 |
| **Liabilities** | | | |
| Current Liabilities: | | | |
| Accounts Payable | 28,786 | 1,357 | 30,143 |
| Accrued Liabilities | 1,234 | 553 | 1,787 |
| Due to Other Funds | - | 113,703 | 113,703 |
| Customer Deposits | 59,965 | - | 59,965 |
| Compensated Absences | 782 | - | 782 |
| Note Payable | 41,372 | - | 41,372 |
| Total Current Liabilities | 132,139 | 115,613 | 247,752 |
| Noncurrent Liabilities: | | | |
| Note Payable | 1,553,567 | - | 1,553,567 |
| Net Pension Liability | 24,053 | 7,646 | 31,699 |
| Total Noncurrent Liabilities | 1,577,620 | 7,646 | 1,585,266 |
| Total Liabilities | 1,709,759 | 123,259 | 1,833,018 |
| **Deferred Inflows of Resources** | | | |
| Pension Plan | 1,620 | 515 | 2,135 |
| Total Deferred Inflows of Resources | 1,620 | 515 | 2,135 |
| Total Liabilities and Deferred Inflows of Resources | 1,711,379 | 123,774 | 1,835,153 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 10,778,995 | - | 10,778,995 |
| Unrestricted | 681,277 | (27,709) | 653,568 |
| Total Net Position | $ 11,460,272 | $ (27,709) | $ 11,432,563 |

The accompanying notes are an integral part of this financial statement.

# CITY OF EMERSON, GEORGIA
## Statement of Revenues, Expenses, and Changes in Net Position
## Proprietary Funds
## For the Year Ended June 30, 2021

| | Water & Sewer | Solid Waste | Total |
|---|---|---|---|
| **Operating Revenues** | | | |
| Charges for Services | $ 1,019,295 | $ 138,732 | $ 1,158,027 |
| Fees | 41,071 | 430 | 41,501 |
| Other Revenues | 1,735 | - | 1,735 |
| Total Operating Revenues | 1,062,101 | 139,162 | 1,201,263 |
| **Operating Expenses** | | | |
| Salaries, Wages, and Employee Benefits | 145,966 | 55,708 | 201,674 |
| Landfill Fees | 8,474 | 24,666 | 33,140 |
| Purchased Water | 183,389 | - | 183,389 |
| Materials and Supplies | 114,065 | 2,123 | 116,188 |
| System Maintenance | 106,989 | - | 106,989 |
| Purchased Services | 49,253 | - | 49,253 |
| Insurance Expense | 24,621 | 4,272 | 28,893 |
| Administrative Charge | 105,075 | 30,150 | 135,225 |
| General and Administrative | 33,561 | 4,055 | 37,616 |
| Other Repairs and Maintenance | 9,275 | 14,766 | 24,041 |
| Utilities | 183,932 | 432 | 184,364 |
| Depreciation Expense | 362,560 | - | 362,560 |
| Total Operating Expenses | 1,327,160 | 136,172 | 1,463,332 |
| Operating Income (Loss) | (265,059) | 2,990 | (262,069) |
| **Nonoperating Revenues (Expenses)** | | | |
| Interest Expense | (21,771) | - | (21,771) |
| Total Nonoperating Revenues (Expenses) | (21,771) | - | (21,771) |
| Income Before Contributions | (286,830) | 2,990 | (283,840) |
| Capital Contributions | 105,302 | - | 105,302 |
| Change in Net Position | (181,528) | 2,990 | (178,538) |
| Net Position - Beginning | 11,641,800 | (30,699) | 11,611,101 |
| Net Position - Ending | $ 11,460,272 | $ (27,709) | $ 11,432,563 |

The accompanying notes are an integral part of this financial statement.

# CITY OF EMERSON, GEORGIA
## Statement of Cash Flows
## Proprietary Funds
## For the Year Ended June 30, 2021

| | Water & Sewer | Solid Waste | Total |
|---|---|---|---|
| **Cash Flows From Operations** | | | |
| Receipts from Customers and Users | $ 1,024,260 | $ 130,484 | $ 1,154,744 |
| Payments to Suppliers and Users | (707,505) | (49,885) | (757,390) |
| Payments to/for Employees | (151,454) | (54,724) | (206,178) |
| Net Cash Provided by (Used in) Operating Activities | 165,301 | 25,875 | 191,176 |
| **Cash Flows From Noncapital Financing Activities** | | | |
| Payment to Other Funds | (105,075) | (30,150) | (135,225) |
| **Cash Flows from Capital and Related Financing Activities** | | | |
| Principal Paid | (19,997) | - | (19,997) |
| Interest Paid | (21,771) | - | (21,771) |
| Net Cash from Capital and Related Financing Activities | (41,768) | - | (41,768) |
| **Cash Flows from Investing Activities** | | | |
| No Investing Activities | - | - | - |
| Net Increase in Cash | 18,458 | (4,275) | 14,183 |
| Cash - July 1, 2020 | 642,773 | 70,150 | 712,923 |
| Cash - June 30, 2021 | $ 661,231 | $ 65,875 | $ 727,106 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:** | | | |
| Operating Income (Loss) | $ (265,059) | $ 2,990 | $ (262,069) |
| Adjustments to Reconcile to Net Cash Provided by Operating Activities | | | |
| Depreciation | 362,560 | - | 362,560 |
| Administration Charges Paid to General Fund | 105,075 | 30,150 | 135,225 |
| (Increase) Decrease in Accounts Receivable | (37,842) | (8,678) | (46,520) |
| (Increase) Decrease in Inventory | 1,433 | 2,079 | 3,512 |
| (Increase) Decrease in Deferred Outflows of Resources | 2,906 | 108 | 3,014 |
| Increase (Decrease) in Accounts Payable & Accrued Payables | 4,910 | (676) | 4,234 |
| Increase (Decrease) in Customer Deposits | (3,169) | - | (3,169) |
| Increase (Decrease) in Compensated Absences | (524) | (592) | (1,116) |
| Increase (Decrease) in Deferred Inflows of Resources | 338 | 194 | 532 |
| Increase (Decrease) in Net Pension Liability | (5,327) | 301 | (5,026) |
| Net Cash Provided by (Used in) Operating Activities | $ 165,301 | $ 25,876 | $ 191,177 |
| **Noncash Investing, Capital, and Financing Activities** | | | |
| Capital Contributions - Capital Projects Funds | $ 105,302 | $ - | $ 105,302 |
| Acquisition of Capital Assets | (105,302) | - | (105,302) |
| Total Noncash Investing, Capital, and Financing Activities | $ - | $ - | $ - |

The accompanying notes are an integral part of this financial statement.

## Note 1. Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Emerson, Georgia was incorporated in 1889. The City operates under a Strong Mayor – City Council form of Government. The City provides the following services: Public Works (Streets), Public Utilities (Water and Solid Waste), Public Safety (Police), and Administrative Services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the primary government and its component units. The City has no component units.

### B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds (if any) are not included in the government-wide statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

In the government-wide statement of net position, governmental and business-type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements.

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncement and APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, nonexchange transactions are recognized in accordance with GASB Statement 33.

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

**D. Fund Types**

**Governmental Funds**

The General Fund, the 2014 and 2020 SPLOST Capital Projects Funds, the Confiscated Asset Special Revenue Fund, and the Hotel/Motel Tax Special Revenue Fund, and the School Zone Camera Fund are the major governmental funds that the City reports. The General Fund is the primary fund of the City and accounts for all financial resources of the general government except those required to be reported in the other funds. The 2014 and 2020 SPLOST Capital Projects Funds accounts for specific expenditures that are approved through a voter resolution. The Confiscated Assets Special Revenue Fund accounts for cash received from confiscation or sale of assets acquired through confiscation. The Hotel/Motel Tax Special Revenue Fund accounts for hotel/motel tax receipts and tourism/economic development expenditures as required by statute. The School Zone Camera fund accounts for receipts from targeted traffic violations and the related allowable expenditures to be used for police equipment and supplies.

**Proprietary Funds**

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City operates a water/sewer fund and a solid waste fund, both of which are presented as major proprietary funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of these funds are charges to customers for sales and services. The Water/Sewer Fund recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary 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 nonoperating

revenues and expenses. As a general rule, interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**E. Assets, Liabilities, Net Position or Equity**

1. **Cash and Investments.** Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities.

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

3. **Due to and Due from Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded in all funds affected in the period in which transactions are executed. The balances which represent receivables and payables between governmental and business-type activities in the government-wide statements are reported as internal balances.

4. **Capital Assets.** Capital assets that cost more than $5,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide statements. All capital assets are carried at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

   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.

   Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

   General infrastructure assets acquired prior to June 15, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to June 15, 2003.

5. **Deferred Outflows/Inflows Of Resources.** In addition to assets, the Statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred

outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify as a deferred outflow of resources for fiscal 2021 and arises under the full accrual basis of accounting in the Statement of Net Position for the governmental activities, the business-type activities, and the proprietary funds. The sources of the deferred outflows are related to the City's contributions to the defined benefit pension plan and the changes in value of that plan.

In addition to liabilities, the statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item under the modified accrual basis of accounting that qualifies as a deferred inflow of resources for fiscal 2021. It is property tax revenue that is considered unavailable at year end. There are three components of the deferred inflows of resources in the Statement of Net Position at the entity wide level and the Statement of Net Position at the proprietary fund level. Those components are all pension plan related and are as follows: differences between expected and actual experience of the plan, changes in plan assumptions, and the net differences between projected and actual earnings on pension plan investments.

6. **Compensated Absences.** Full-time, permanent employees are granted vacation benefits. Vested or accumulated vacation leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements. Governmental funds only report the portion expected to be liquidated in the current year. The accrued liability is reported in the respective fund that will pay. For the governmental activities, compensated absences are generally liquidated by the General Fund.

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

8. **Long-term Debt, Bond Discounts, and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums for proprietary funds and governmental and business-type activities are capitalized and amortized over the term of the respective bonds using the straight-line method. Bond discounts are presented as a reduction in the face amount of bonds payable. In the fund financial statements, governmental funds recognize bond premiums, discounts, and bond issuance costs during the current period. The face amount of the debt issued is reported as an other financing source.

**9. Net Position and Fund Balances.**

The City's net position on the government-wide statement of net position is classified as follows:

*Net Investment in Capital Assets* – This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted Net Position* – This represents resources for which the City is legally or contractually obligated to spend resources for capital projects and law enforcement activities in accordance with restrictions imposed by external third parties.

*Unrestricted Net Position* – These resources are used for transactions relating to general operations of the City, and may be used at the discretion of the City Council to meet current expenses for those purposes.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund equity at the governmental fund financial reporting level is classified as fund balance. Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City's fund balances are classified as follows:

1) *Nonspendable Fund Balance* – Noncash assets such as inventories and prepaid items.

2) *Restricted Fund Balance* – Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted fund balance for governmental funds totaled $892,870 at June 30, 2021.

3) *Committed Fund Balance* – Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Equity amounts in the City's Hotel/Motel Tax Fund are committed for the purpose of the fund.

4) *Assigned Fund Balance* – Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds and debt service funds not otherwise classified as non-spendable, restricted, or committed shall constitute assignments of fund balance. No amounts were reported as assigned for governmental funds at June 30, 2021.

5) *Unassigned Fund Balance* – Residual spendable fund balance for the General Fund after subtracting all above amounts.

When expenditures are incurred by the City that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When expenditures are incurred that qualify for payment from one of the three unrestricted fund balances categories, it will be applied in the following order: committed, assigned, then unassigned.

## Note 2. Stewardship, Compliance and Accountability

Budgets are adopted on a basis consistent with generally accepted accounting principles. Georgia Law requires an annual balanced budget for general and special revenue funds and a project length budget for each capital project fund. All departments of the City submit requests for appropriation to the City Council so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The legal level of budgetary control is at the department level. Any changes in the budget must be within the revenues and reserves estimated as available by the manager or the revenues estimates must be changed by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by Council. Last year's budget subject to amendment becomes the current year's budget if Council fails to act.

The 2021 General Fund and special revenue funds budgets were voted upon and adopted by the City Council.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances at the end of the year were for immaterial amounts and therefore are not reported as reservations of fund balances.

The 2014 SPLOST Capital Projects Fund and the 2020 SPLOST Capital Projects Fund have a project length budget that was adopted when voters approved the Special Purpose Local Option Sales Tax referendums. The budgets of these funds are prepared for the projected total Special Purpose Local Option Sales Tax revenue and related expenditures.

## Note 3. Deposits and Investments

Cash as of June 30, 2021 is as follows:

| | |
|---|---|
| Statement of Net Position: | |
| Unrestricted Cash | $ 2,702,335 |
| Restricted Cash | 928,246 |
| Total | $ 3,630,581 |

Restricted cash is reported in the 2014 and 2020 SPLOST Capital Projects Funds, the Confiscated Asset Special Revenue Fund and the School Zone Camera Special Revenue Fund.

The City has no investments other than cash. The City does not have a formal policy that addresses custodial credit risk.

## Note 4. Receivables

Receivables as of June 30, 2021 consist of the following:

| | General | Hotel/ Motel Tax | School Zone Camera | 2020 SPLOST Capital Projects | Water and Sewer | Solid Waste | Total |
|---|---|---|---|---|---|---|---|
| Accounts | $ - | $ - | $ - | $ - | $ 129,226 | $ 25,363 | $ 154,589 |
| Taxes | 55,024 | 42,983 | - | - | - | - | 98,007 |
| Fines | - | - | 27,240 | - | - | - | 27,240 |
| Intergovernmental | - | - | - | 72,553 | - | - | 72,553 |
| Allowances for Uncollectibles | - | - | - | - | (12,572) | (1,817) | (14,389) |
| Net | $ 55,024 | $ 42,983 | $ 27,240 | $ 72,553 | $ 116,654 | $ 23,546 | $ 338,000 |

Taxes receivable include $48,157 of Local Option Sales Tax and $3,046 of property taxes. The intergovernmental receivable of $72,553 consists of accrued SPLOST collections for the 2020 SPLOST. Fines receivable were collected by a third party and owed to the City as of June 30, 2021.

## Note 5. Property Tax

Bartow County bills and collects the City's real and personal property taxes. The Bartow County Tax Assessors Office assesses property values as of January 1 each year. The City's millage rate of 1.832 mils was approved by the City Council on August 10, 2020. The levy date was September 15, 2020 and taxes were due by November 15, 2020. After November 15, interest and penalties begin to accrue on unpaid balances and property is subject to lien.

All property tax revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period, and collected no later than 60 days after the close of the fiscal year end.

## Note 6. Interfund Receivables, Payables and Transfers

### Due to/from Other Funds:

City-wide internal balances between governmental activities and business-type activities at June 30, 2021 were $111,918.

During fiscal 2020, the City disposed of property that was originally acquired using SPLOST funds. Some of the proceeds from the disposal were used to open two money market accounts that are held and reported in the General Fund and 2014 SPLOST Fund. The City intends to pay the amount within the 2014 SPLOST money market account that exceeds the original purchase price of the disposed property to the General Fund money market account in fiscal 2022.

At the fund level, due to and due from balances were as follows:

| Due To | Due From | Amount |
|---|---|---|
| General Fund | Solid Waste Fund | $ 111,918 |
| General Fund | 2014 SPLOST Fund | 55,550 |
| | | $ 167,468 |
| Water Fund | Solid Waste Fund | $ 1,785 |

Interfund balances consist of routine transfers for payroll and related benefits and to subsidize operations.

### Transfers and payments:

Routine transfers and payments between funds are to subsidize operations and capital asset acquisition. Fund level transfers for the fiscal year ended June 30, 2021 were as follows:

| Source Fund | Transfer to Fund | Amount |
|---|---|---|
| Hotel/Motel Tax Fund | General Fund | $ 112,790 |

## Note 7. Capital Assets

The following is a summary of the primary government capital asset activity during the fiscal year:

| Governmental Activities | Beginning Balance | Additions | Deletions | Transfers In/(Out) | Ending Balance |
|---|---|---|---|---|---|
| *Nondepreciable Capital Assets* | | | | | |
| Land | $ 448,462 | $ 297,292 | $ - | $ (105,302) | $ 640,452 |
| Construction In Progress | 20,380 | - | - | - | 20,380 |
| Total Nondepreciable Capital Assets | 468,842 | 297,292 | - | (105,302) | 660,832 |
| *Depreciable Capital Assets* | | | | | |
| Equipment | 1,057,614 | 129,959 | - | - | 1,187,573 |
| Buildings and Improvements | 502,025 | 6,350 | - | - | 508,375 |
| Infrastructure | 560,060 | - | - | - | 560,060 |
| Total Depreciable Capital Assets | 2,119,699 | 136,309 | - | - | 2,256,008 |
| Less Accumulated Depreciation For: | | | | | |
| Equipment | (467,872) | (114,575) | - | - | (582,447) |
| Buildings and Improvements | (229,396) | (10,745) | - | - | (240,141) |
| Infrastructure | (128,639) | (10,934) | - | - | (139,573) |
| Total Accumulated Depreciation | (825,907) | (136,254) | - | - | (962,161) |
| Total Depreciable Capital Assets, Net | 1,293,792 | 55 | - | - | 1,293,847 |
| Total Capital Assets, Net | $ 1,762,634 | $ 297,347 | $ - | $ (105,302) | $ 1,954,679 |

Total governmental activities depreciation expense charged to functions/programs of the government are as follows:

| | |
|---|---|
| Administration | $ 7,243 |
| Municipal Court | 1,839 |
| Public Safety | 56,486 |
| Public Works | 65,697 |
| Culture and Recreation | 4,989 |
| | $ 136,254 |

| *Business-type Activities* | Beginning Balance | Additions | Deletions | Transfers In/(Out) | Ending Balance |
|---|---|---|---|---|---|
| *Nondepreciable Capital Assets* | | | | | |
| Land | $ 2,700 | $ - | $ - | $ 105,302 | $ 108,002 |
| Total Nondepreciable Capital Assets | 2,700 | - | - | 105,302 | 108,002 |
| *Depreciable Capital Assets* | | | | | |
| Equipment | 584,547 | - | - | - | 584,547 |
| Buildings and Improvements | 35,132 | - | - | - | 35,132 |
| Distribution and Collection System | 16,169,759 | - | - | - | 16,169,759 |
| Total Depreciable Capital Assets | 16,789,438 | - | - | - | 16,789,438 |
| Less Accumulated Depreciation For: | | | | | |
| Equipment | (474,493) | (24,469) | - | - | (498,962) |
| Buildings and Improvements | (16,693) | (1,049) | - | - | (17,742) |
| Distribution and Collection System | (3,669,760) | (337,042) | - | - | (4,006,802) |
| Total Accumulated Depreciation | (4,160,946) | (362,560) | - | - | (4,523,506) |
| Total Depreciable Capital Assets, Net | 12,628,492 | (362,560) | - | - | 12,265,932 |
| Total Capital Assets, Net | $ 12,631,192 | $ (362,560) | $ - | $ 105,302 | $ 12,373,934 |

The primary government uses the following estimated useful lives to compute depreciation (straight-line method):

| | |
|---|---|
| Equipment | 3-10 years |
| Buildings | 20-50 years |
| Utility System | 20-75 years |
| Infrastructure | 50 years |

## Note 8. Deferred Outflows/Inflows of Resources

In addition to assets, the proprietary funds' Statement of Net Position and the entity-wide Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents contributions to the City's pension plan during the fiscal year that were to be used in future periods and certain changes in the calculation of the pension plan's value that were not recognized as City expenses during the fiscal year ended June 30, 2021.

In addition to liabilities, the proprietary funds' Statement of Net Position and the entity-wide Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents certain changes in the calculation of the pension plan's value that are not recognized as City income during the fiscal year ended June 30, 2021.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents unearned revenue in the form of property taxes not available in the current fiscal year. These amounts are recognized in the period they become available.

## Note 9. Lease Obligations

The City has entered into a capital lease agreement with Branch Banking and Trust as lessee for financing the acquisition of a police equipped 2017 Dodge Charger. The interest rate on this lease is 3.80%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $30,242. Depreciation expense for fiscal 2021 was $6,048 and accumulated depreciation on the vehicle was $29,156 at year end. This lease matured during fiscal 2021.

The City has entered into a capital lease agreement with Magnolia Bank as lessee for financing the acquisition of a 2019 Dodge Charger. The interest rate on this lease is 4.35%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $24,274. Depreciation expense for fiscal 2021 was $4,855 and accumulated depreciation on the vehicle was $9,710 at year end.

The City has entered into a capital lease agreement with Magnolia Bank as lessee for financing the acquisition of a police equipped 2019 Dodge Charger. The interest rate on this lease is 4.51%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $24,930. Depreciation expense for fiscal 2021 was $4,986 and accumulated depreciation on the vehicle was $9,972 at year end.

The City has entered into a capital lease agreement with Magnolia Bank as lessee for financing the acquisition of a police equipped 2019 Dodge Charger. The interest rate on this lease is 4.00%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $24,930. Depreciation expense for fiscal 2021 was $4,986 and accumulated depreciation on the vehicle was $4,986 at year end.

The following is a schedule of the combined future minimum lease payments of all capital leases and the present value of the net minimum lease payments at June 30, 2021:

| Year Ending June 30 | Governmental Activities |
|---|---|
| 2022 | $ 26,372 |
| 2023 | 8,845 |
| Less Accumulated Interest Paid | (1,786) |
| Present Value of Minimum Lease Payments | $ 33,431 |

The City has no significant operating lease obligations.

## Note 10. Long-term Liabilities

### Note Payable:

The City has entered into an agreement with the Georgia Environmental Finance Authority (GEFA) to fund improvements and expansion of its Waste Water Treatment Plant and related infrastructure. The project was completed and the loan closed in fiscal 2018. The total amount drawn down for project costs was $1,714,053. Monthly debt service on the loan began in December 2017 in the amount of $6,961 including interest calculated at 2.71%.

The following schedule presents debt service requirements to maturity for the GEFA note payable.

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 41,372 | $ 42,162 | $ 83,534 |
| 2023 | 42,508 | 41,026 | 83,534 |
| 2024 | 43,674 | 39,860 | 83,534 |
| 2025 | 44,872 | 38,662 | 83,534 |
| 2026 | 46,104 | 37,430 | 83,534 |
| 2027-2031 | 250,203 | 167,469 | 417,672 |
| 2032-2036 | 286,465 | 131,207 | 417,672 |
| 2037-2041 | 327,983 | 89,689 | 417,672 |
| 2042-2046 | 375,520 | 42,152 | 417,672 |
| 2047-2049 | 136,238 | 25,137 | 161,375 |
| Totals | $ 1,594,939 | $ 654,794 | $ 2,249,733 |

Changes in long-term liabilities

The following is a summary of the City's debt transactions for the year ended June 30, 2021:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Capitalized Leases | $ 68,244 | $ - | $ (34,813) | $ 33,431 | $ 24,933 |
| Compensated Absences | 27,554 | 61,145 | (18,375) | 70,324 | 18,375 |
| Total Governmental Activities | $ 95,798 | $ 61,145 | $ (53,188) | $ 103,755 | $ 43,308 |
| Business-type Activities: | | | | | |
| Note Payable | $ 1,614,936 | $ - | $ (19,997) | $ 1,594,939 | $ 41,372 |
| Compensated Absences | 1,899 | 3,446 | (4,563) | 782 | 782 |
| Total Business-type Activities | $ 1,616,835 | $ 3,446 | $ (24,560) | $ 1,595,721 | $ 42,154 |

The General Fund is used to liquidate compensated absences of the governmental funds.

## Note 11. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Emerson Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established its plan effective July 1, 1990, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service or at age 55 with 10 years of service. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

As of January 1, 2020, employee membership data related to the current plan was as follows:

| | |
|---|---|
| Retired Participants | 12 |
| Terminated Vested Participants | 17 |
| Participants active during the plan year ended December 31, 2021 (including 5 elected officials) | |
| Vested | 12 |
| Nonvested | 13 |
| Total Participants | 54 |

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of the assets. The period and related method of amortizing the unfunded actuarial accrued liability is 30 years from July 1, 1991, and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. On the basis of current valuation, dated January 1, 2020, it was determined that the current contribution rate is 6.47% of annual covered payroll.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the latest actuarial valuation, dated January 1, 2020, the estimated minimum annual contribution under these funding standards is $56,058.

The contribution to the plan during the fiscal year ended June 30, 2021 was $58,170 ($0 employee and $58,170 employer; 0% and 6.47% of covered payroll respectively) and was made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2020. The City's current year covered payroll amounted to $888,810 based upon the actuarial valuation of January 1, 2020.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of September 30, 2020, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2020.

Actuarial Assumptions: The total pension liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.25% |
| Salary Increases | 2.25%, plus service based merit increases |
| Investment Rate of Return | 7.375%, net of pension plan investment expense, including inflation |
| Cost of Living Adjustment | N/A |

Mortality Rates:

*Healthy retirees and beneficiaries* - Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

*Disabled Participants* - Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25

*Active, Terminated Vested, and Deferred Beneficiary Participants* - Sex-distinct Pri-2012 head-count weighted Employee Mortality Table

*Plan termination basis (all llives)* – 1994 Group Annuity Reserving Unisex Table

The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative

Actuarial Methods:

| | |
|---|---|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Closed level dollar for remaining unfunded liability |
| Asset Valuation Method | Sum of the actuarial value at the beginning of the year and the cash flow during year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |

Discount Rate: The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 45% | 6.40% |
| International Equity | 20% | 7.05% |
| Global Fixed Income | 5% | 1.25% |
| Domestic Fixed Income | 20% | 1.15% |
| Real Estate | 10% | 4.50% |
| Cash | 0% | |
| Total | 100% | |

**Changes in Net Pension Liability**

| | (a) (TPL) Total Pension Liability | (b) (FPL) Fiduciary Net Position | (a)-(b) (NPL) Net Pension Liability |
|---|---|---|---|
| Balances at September 30, 2019 | $ 1,075,939 | $ 871,542 | $ 204,397 |
| Changes for the Year | | | |
| Service Cost | 39,213 | - | 39,213 |
| Interest | 80,873 | - | 80,873 |
| Differences Between Expected and Actual Experience | 22,049 | - | 22,049 |
| Contributions - Employer | - | 57,390 | (57,390) |
| Net Investment Income | - | 85,568 | (85,568) |
| Benefit Payments, Including Refunds of Employee Contributions | (37,134) | (37,134) | - |
| Administrative Expense | - | (7,050) | 7,050 |
| Other | - | - | - |
| Net Changes | 105,001 | 98,774 | 6,227 |
| Balances at September 30, 2020 | $ 1,180,940 | $ 970,316 | $ 210,624 |

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

**Sensitivity of the NPL to Changes in Discount Rate**

| | 1% Decrease (6.375%) | Current Discount Rate (7.375%) | 1% Increase (8.375%) |
|---|---|---|---|
| Total Net Pension Liability | $ 380,141 | $ 210,624 | $ 70,314 |

For the year ended June 30, 2021, the City recognized pension expense of $73,482. At June 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions for future periods | $ 43,628 | $ - |
| Difference between expected and actual experience | 24,884 | (2,992) |
| Changes in assumptions | 11,283 | - |
| Net differences between projected and actual earnings on pension plan investments and changes in assumptions | - | (11,190) |
| Total | $ 79,795 | $ (14,182) |

Pension plan contributions subsequent to the measurement date of $43,628 are reported as deferred outflows of resources and will be recognized as a net reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2022 | $ 8,178 |
| 2023 | 14,669 |
| 2024 | 3,299 |
| 2025 | (4,161) |
| 2026 and After | - |

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

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

## Note 12. Deferred Compensation Plan

The City of Emerson has adopted a deferred compensation plan in accordance with provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The City of Emerson 457 Plan is a defined contribution plan. The plan allows all full-time employees to voluntarily defer up to 28% of gross compensation up to $7,500 per year and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. All administrative costs are deducted from the participant's account.

The plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City. In addition, the participants in the plan have rights equal to his or her share of the fair value of the plan assets.In accordance with GASB Statement No. 32, the City does not report the deferred compensation plan assets in its financial statements because the City does not play an active role in the administration of the plan or perform investment functions for the plan.

## Note 13. Restricted Assets and Restricted Net Position/Fund Balance

### Restricted Assets

At June 30, 2021, the City's restricted assets consisted of externally restricted cash accounts maintained in the Confiscated Asset Special Revenue Fund, the School Zone Camera Special Revenue Fund, and the 2014 and 2020 SPLOST Capital Project Funds. There are no restricted assets in the City's proprietary funds.

### Restricted Net Position or Fund Balance

Restrictions are used to indicate that a portion of the net position or fund balance is not available for all expenditures or expenses and is legally segregated for a specific future use. The City's restricted net position and fund balance are concentrated in the governmental activities and governmental funds and are as follows:

Restricted for law enforcement – Created to segregate money received from federal, state, or local sources that restrict use for law enforcement purposes only.

Restricted for capital projects – Created to segregate money received from SPLOST and certain grant proceeds where the use of funds is restricted to approved expenditures or expenses.

Restricted Net Position and Fund Balances at June 30, 2021 are as follows:

| | |
|---|---|
| Law Enforcement | $ 162,812 |
| Capital Projects | 730,058 |
| | $ 892,870 |

## Note 14. Contingencies

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

## Note 15. Risk Management

At year-end, there were no legal actions taken by or against the City that would have an adverse effect on the City's financial condition. The City is a defendant in various lawsuits. Although the outcome is not presently determinable, in the opinion of the City's attorney, the resolution of the any current legal matters will not have a material adverse effect on the financial condition of the City. The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters for which the City carries insurance.

The City has joined with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) to provide risk coverage for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the fund, and to promptly report all incidents that could result in the fund being required to pay any claim of loss. The City is also to allow the fund'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 City that is within the scope of loss protection furnished by the fund.

The fund is to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the worker's compensation laws of Georgia. The funds are to pay all costs against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three years, the costs of any settlements have not exceeded insurance coverage.

## Note 16. Joint Venture

The City of Emerson is a member of the Northwest Georgia Regional Commission. The NGRC was created under the laws of the State of Georgia and cities and counties in the area served by the NGRC are required to be members. The membership of the NGRC includes 10 counties and 35 municipalities. Bartow County pays annual membership dues on behalf of the City. The City has no equity interest in the NGRC nor does the City materially contribute to the continued existence of the NGRC. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the NGRC ceases operation, the membership can be assessed for any debt or obligation of the NGRC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1793, Rome, Georgia 30162.

## Note 17. Special Purpose Local Option Sales Tax

In November 2012, Bartow County voters approved a referendum for the continuation of a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed twenty-four calendar quarters, or until there is collected net proceeds of $193,000,000, for various capital outlay purposes. Actual collection of the tax began January 1, 2014 and ended December 31, 2019. The City of Emerson's distributive share of this amount was projected to be $3,787,814 or 1.97%. The City is to use the proceeds from the tax for various infrastructure, capital equipment and water/sewer improvements.

In May 2018, Bartow County voters approved a referendum for the continuation of a special one percent sales and use tax imposed in Bartow County for a period of time not to exceed twenty-four calendar quarters, or until there is collected net proceeds of $160,000,000, for various capital outlay purposes. Actual collection of the tax began January 1, 2020 and is projected to end December 31, 2025. The City of Emerson's distributive share of this amount is projected to be $2,482,200 or 1.97%. The City is to use the proceeds from the tax for various infrastructure and utility system improvements, facility improvements, and capital equipment acquisitions.

## Note 18. Construction Commitments

As of June 30, 2021, the City had no outstanding commitments under construction contracts.

This Page Intentionally Left Blank



EMERSON
GEORGIA • EST. 1889

# Required Supplementary Information

# CITY OF EMERSON, GEORGIA
## Required Supplementary Information
## Schedule of Changes in the Net Pension Liability and Related Ratios
## For the Previous Ten Fiscal Periods

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | | |
| Service Cost | $ 39,213 | $ 42,823 | $ 32,862 | $ 30,519 | $ 26,466 | $ 20,659 | $ 27,632 | | | |
| Interest | 80,873 | 75,358 | 67,541 | 61,275 | 54,593 | 48,227 | 49,957 | | | |
| Benefit Changes | - | - | - | - | - | - | - | | | |
| Differences Between Expected and Actual Experienc | 22,049 | (5,985) | 24,319 | 2,290 | 35,046 | 42,381 | (63,197) | | | |
| Changes of Assumptions | | | - | - | - | - | (4,318) | | | |
| Benefit Payments, Including Refunds | (37,134) | (30,919) | (29,993) | (30,641) | (29,129) | (29,130) | (35,664) | | | |
| Other | - | 17,254 | - | 13,273 | - | - | - | | | |
| **Net Change in Total Pension Liability** | 105,001 | 98,531 | 94,729 | 76,716 | 86,976 | 82,137 | (25,590) | | | |
| **Total Pension Liability - Beginning** | 1,075,939 | 977,408 | 882,679 | 805,963 | 718,987 | 636,850 | 662,440 | | | |
| **Total Pension Liability - Ending** | $ 1,180,940 | $ 1,075,939 | $ 977,408 | $ 882,679 | $ 805,963 | $ 718,987 | $ 636,850 | | | |
| **Plan Net Position** | | | | | | | | | | |
| Contributions - Employer | $ 57,390 | $ 48,904 | $ 40,754 | $ 34,362 | $ 27,100 | $ 31,122 | $ 32,531 | | | |
| Contributions - Member | - | - | - | - | - | - | - | | | |
| Net Investment Income | 85,568 | 25,716 | 75,130 | 99,070 | 66,656 | 6,757 | 61,504 | | | |
| Benefit Payments, Including Refunds | (37,134) | (30,919) | (29,993) | (30,641) | (29,129) | (29,130) | (35,664) | | | |
| Administrative Expense | (7,050) | (6,737) | (7,172) | (7,557) | (3,959) | (4,330) | (3,500) | | | |
| Other | - | - | - | - | - | - | - | | | |
| **Net Change in Plan Net Position** | 98,774 | 36,964 | 78,719 | 95,234 | 60,668 | 4,419 | 54,871 | | | |
| **Plan Net Position - Beginning** | 871,542 | 834,578 | 755,859 | 660,625 | 599,904 | 595,485 | 540,614 | | | |
| **Plan Net Position - Ending** | $ 970,316 | $ 871,542 | $ 834,578 | $ 755,859 | $ 660,572 | $ 599,904 | $ 595,485 | | | |
| **Net Pension Liability - Ending** | $ 210,624 | $ 204,397 | $ 142,830 | $ 126,820 | $ 145,391 | $ 119,083 | $ 41,365 | | | |
| Total Pension Liability | $ 1,180,940 | $ 1,075,939 | $ 977,408 | $ 882,679 | $ 805,963 | $ 718,987 | $ 636,850 | | | |
| Plan Net Position | 970,316 | 871,542 | 834,578 | 755,859 | 660,572 | 599,904 | 595,485 | | | |
| Net Pension Liability | $ 210,624 | $ 204,397 | $ 142,830 | $ 126,820 | $ 145,391 | $ 119,083 | $ 41,365 | | | |
| Ratio of Plan Net Position to Total Pension Liability | 82.16% | 81.00% | 85.39% | 85.63% | 81.96% | 83.44% | 93.50% | | | |
| Covered Employee Payroll | $ 824,306 | $ 888,810 | $ 808,577 | $ 680,138 | $ 639,887 | $ 635,125 | $ 566,461 | | | |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 25.55% | 23.00% | 17.66% | 18.65% | 22.72% | 18.75% | 7.30% | | | |

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

# CITY OF EMERSON, GEORGIA
## Required Supplementary Information
## Schedule of Contributions - Pension Plan
## For the Previous Ten Fiscal Periods

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 58,170 | $ 57,130 | $ 46,162 | $ 38,951 | $ 32,833 | $ 25,189 | $ 33,099 | * | * | * |
| Contributions in Relation to the Actuarially Determined Contribution | 58,170 | 57,130 | 46,162 | 38,951 | 32,833 | 25,189 | 33,099 | * | * | * |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | * | * | * |
| Covered Employee Payroll | $ 888,810 | $ 808,577 | $ 680,138 | $ 639,887 | $ 635,125 | $ 513,162 | $ 566,461 | * | * | * |
| Contributions As a Percentage of Covered Employee Payroll | 6.54% | 7.07% | 6.79% | 6.09% | 5.17% | 4.91% | 5.84% | * | * | * |

* Historical information prior to implementation of GASB 67/68 not required.

Notes to Schedule:

***Methods and Assumptions Used to Determine Contribution Rates***

| | |
|---|---|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Closed level dollar for remaining unfunded liability |
| Remaining Amortization Period | Remaining amortization period varies for the bases, with a net effective amortization period of 10 years. |
| Asset Valuation Method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value. |
| Inflation | 2.75% |
| Salary Increases | 2.75% plus age and service based merit increases |
| Investment Rate of Return | 7.375% net pension plan investment expense, including inflation |
| Retirement Age | Normal - 65; Early - 55 |
| Mortality | The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. |
| Other Information | This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10 year trend is not available. The actuarially determined contribution rate was determined as of January 1 with an interest adjustment to the fiscal year. Contributions in relation to these actuarially determined contribution rates will be reported for the fiscal years ending June 30. |

This Page Intentionally Left Blank



EMERSON
GEORGIA • EST. 1889

# Capital Project Fund Budgetary Schedule

## CITY OF EMERSON, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2014 SPLOST - Budget and Actual
From Inception and For the Year Ended June 30, 2021

| | Actual | | | |
|---|---|---|---|---|
| | Prior Years | Current Year | Total to Date | Project Authorization |
| **Revenues** | | | | |
| Intergovernmental | $ 1,875,879 | $ - | $ 1,875,879 | $ 3,787,814 |
| Interest Income | 50,768 | 356 | 51,124 | - |
| Total Revenues | 1,926,647 | 356 | 1,927,003 | 3,787,814 |
| **Expenditures** | | | | |
| Current | | | | |
| General Government | 186,423 | 3,628 | 190,051 | 186,423 |
| Public Works | 181,040 | - | 181,040 | 119,627 |
| Water and Sewer System | 26,112 | - | 26,112 | 26,112 |
| Capital Outlays | | | | |
| General Government | 42,741 | - | 42,741 | 48,991 |
| Public Safety | 7,125 | - | 7,125 | - |
| Public Works | 759,417 | 21,000 | 780,417 | 734,273 |
| Water and Sewer System | 411,011 | 105,302 | 516,313 | 2,672,388 |
| Total Expenditures | 1,613,869 | 129,930 | 1,743,799 | 3,787,814 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | 312,778 | (129,574) | 183,204 | - |
| **Other Financing Sources** | | | | |
| Proceeds from Asset Sale | 178,300 | - | 178,300 | - |
| Total Other Financing Sources | 178,300 | - | 178,300 | - |
| Net Change in Fund Balance | $ 491,078 | (129,574) | $ 361,504 | $ - |
| Fund Balance - Beginning of Year | | 491,078 | | |
| Fund Balance - End of Year | | $ 361,504 | | |

# CITY OF EMERSON, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2020 SPLOST - Budget and Actual
From Inception and For the Year Ended June 30, 2021

| | Actual | | | |
|---|---|---|---|---|
| | Prior Years | Current Year | Total to Date | Project Authorization |
| **Revenues** | | | | |
| Intergovernmental | $ 152,349 | $ 380,865 | $ 533,214 | $ 2,482,200 |
| Total Revenues | 152,349 | 380,865 | 533,214 | 2,482,200 |
| **Expenditures** | | | | |
| Current | | | | |
| General Government | 163 | 5,590 | 5,753 | 163 |
| Public Safety | - | 2,012 | 2,012 | 2,012 |
| Public Works | - | 70,839 | 70,839 | 70,839 |
| Capital Outlays | | | | |
| General Government | - | - | - | 374,837 |
| Public Safety | 37,331 | 48,724 | 86,055 | 372,988 |
| Public Works | - | - | - | 429,161 |
| Culture and Recreation | - | - | - | 500,000 |
| Water and Sewer System | - | - | - | 732,200 |
| Total Expenditures | 37,494 | 127,165 | 164,659 | 2,482,200 |
| Excess of Revenues Over Expenditures | 114,855 | 253,700 | 368,555 | - |
| Net Change in Fund Balance | $ 114,855 | 253,700 | $ 368,555 | $ - |
| Fund Balance - Beginning of Year | | 114,855 | | |
| Fund Balance - End of Year | | $ 368,555 | | |

This Page Intentionally Left Blank



EMERSON
GEORGIA • EST. 1889

# Compliance Section

This Page Intentionally Left Blank

P.O. BOX 473
CARTERSVILLE, GA 30120
(770) 382-3361
FAX (770) 386-8382
WWW.WCPAS.COM

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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

To the Mayor and City Council
Emerson, 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 Emerson, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Emerson, Georgia's basic financial statements and have issued our report thereon dated December 13, 2021.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Emerson, 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.*

## 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 of 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.

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
December 13, 2021

## CITY OF EMERSON,GEORGIA

2014 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Fiscal Year Ended June 30, 2021

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | |
|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total |
| **SPLOST 2014** | | | | | |
| Water Projects | | | | | |
| Water System Improvements | $ 1,515,000 | $ 1,515,000 | $ 76,941 | $ - | $ 76,941 |
| Sewer Projects | | | | | |
| Sewer System Improvements | 1,183,500 | 1,183,500 | 360,162 | 105,302 | 465,464 |
| Road Projects | | | | | |
| Road Projects | 345,000 | 345,000 | 521,272 | - | 521,272 |
| Storm Sewer System | | | | | |
| Storm Sewer System Improvements | 158,900 | 158,900 | 4,976 | - | 4,976 |
| Public Works | | | | | |
| Replacement of Public Works Equipment | 350,000 | 350,000 | 414,209 | 21,000 | 435,209 |
| Information Technology | | | | | |
| Information Technology | 235,414 | 235,414 | 236,309 | 3,628 | 239,937 |
| Total | $ 3,787,814 | $ 3,787,814 | $ 1,613,869 | $ 129,930 | $ 1,743,799 |

Note: This schedule is prepared on the modified accrual basis of accounting.

## CITY OF EMERSON,GEORGIA

2020 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures

For the Fiscal Year Ended June 30, 2021

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | |
|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total |
| **SPLOST 2020** | | | | | |
| Utility System Improvements<br>Utility system improvements to include facilities, buildings, equipment and vehicles, stormwater and appurtences; water and sewer lines and treatment facilities, engineering and land planning, information technology | $ 732,200 | $ 732,200 | $ - | $ - | $ - |
| Public Safety Improvements<br>Public safety facilities, buildings, equipment and vehicles, engineering and land planning, information technology | 375,000 | 375,000 | 37,331 | 50,736 | 88,067 |
| Transportation Improvements<br>Road, street, and bridge purposes, including construction, paving, resurfacing, striping, right of way improvements, intersection improvements, signaling, signage, drainage improvements, school zone improvements, culverts, sidewalks, engineering and land planning, information technology. | 500,000 | 500,000 | - | 70,839 | 70,839 |
| Public Service Improvements<br>Public service facilities, buildings, parks and recreation, equipment and vehicles, engineering and land planning, information technology | 500,000 | 500,000 | - | - | - |
| Support Services Improvements<br>Support service facilities, buildings, equipment and vehicles, engineering and land planning, information technology. | 375,000 | 375,000 | 163 | 5,590 | 5,753 |
| Total | $ 2,482,200 | $ 2,482,200 | $ 37,494 | $ 127,165 | $ 164,659 |

Note: This schedule is prepared on the modified accrual basis of accounting.