CITY OF HOMERVILLE, GEORGIA

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2019

CITY OF HOMERVILLE, GEORGIA
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Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

Members of American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homerville, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homerville, Georgia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (on page 34-35) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

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

Other Information

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

The combining and individual nonmajor fund financial statements, financial schedules, and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States and America. In our opinion, the combining and individual nonmajor fund financial statements and schedules 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 September 22, 2021, on our consideration of the City of Homerville, 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 the City of Homerville, Georgia's internal control over financial reporting and compliance.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

September 22, 2021

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Equivalents	$ 1,132,342	$ 213,717	$ 1,346,059
Receivables	907,213	161,520	1,068,733
Prepaids	28,800	14,900	43,700
Internal Balances	(45,280)	45,280	-
Due from Other Governmental Agencies	26,497	-	26,497
Capital Assets			
Non-depreciable	67,386	79,534	146,920
Depreciable (net)	4,566,129	5,067,059	9,633,188
Total Assets	$ 6,683,087	$ 5,582,010	$ 12,265,097
Liabilities			
Accounts payable and accruals	$ 50,449	$ 17,468	$ 67,917
Notes payable	252,400	-	252,400
Deposits	-	70,862	70,862
Long-term liabilities			
Due within one year			
Loans payable	-	102,391	102,391
Capital lease obligations	6,086	28,574	34,660
Due in more than one year			
Loans payable	-	1,164,646	1,164,646
Capital lease obligations	1,580	27,482	29,062
Compensated absences	46,466	12,054	58,520
Total liabilities	356,981	1,423,477	1,780,458
Net Position			
Net investment in capital assets	4,373,449	3,823,500	8,196,949
Restricted for:			
Capital projects	403,862	-	403,862
Other purposes	454,736	-	454,736
Unrestricted	1,094,059	335,033	1,429,092
Total net position	$ 6,326,106	$ 4,158,533	$ 10,484,639

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental Activities							
General Government	$ 658,435	$ 72,782	$ 217,971	$ 61,740	$ (305,942)	$ -	$ (305,942)
Public Safety	1,050,372	149,074	58,528	85,155	(757,615)	-	(757,615)
Streets and Sanitation	380,386	-	-	160,886	(219,500)	-	(219,500)
Solid Waste	159,966	196,560	-	-	36,594	-	36,594
Airport	37,741	-	-	175,890	138,149	-	138,149
Recreation	145,346	-	92,583	61,045	8,282	-	8,282
Code Enforcement	-	-	-	-	-	-	-
Economic Development	16,623	-	-	-	(16,623)	-	(16,623)
Interest on Long-term debt	78	-	-	-	(78)	-	(78)
Total governmental activities	2,448,947	418,416	369,082	544,716	(1,116,733)	-	(1,116,733)
Business-type activities:							
Water and Sewer	896,046	773,253	27,460	50,852	-	(44,481)	(44,481)
Airport	38,819	42,765	-	-	-	3,946	3,946
Total business-type activities	934,865	816,018	27,460	50,852	-	(40,535)	(40,535)
Total primary government	$ 3,383,812	$ 1,234,434	$ 396,542	$ 595,568	$ (1,116,733)	$ (40,535)	$ (1,157,268)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					$ 672,857	$ -	$ 672,857
Sales Taxes					258,045	-	258,045
Franchise Fee					155,092	-	155,092
Other Taxes					252,092	-	252,092
Unrestricted investment earnings					2,775	1,190	3,965
Miscellaneous					41,341	38,007	79,348
Transfers					5,670	(5,670)	-
Total general revenues, special items, and transfers					1,387,872	33,527	1,421,399
Change in net position					271,139	(7,008)	264,131
Net position - beginning					6,054,967	4,165,541	10,220,508
Net position - ending					$ 6,326,106	$ 4,158,533	$ 10,484,639

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	GENERAL FUND	EIP REVOLVING LOAN	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	$ 227,023	$ 454,736	$ 450,584	$ 1,132,343
Receivables (net):				
Taxes	114,354	-	-	114,354
Accounts	25,327	-	-	25,327
Notes	-	765,707	-	765,707
Interfund receivable	11,413	-	150	11,563
Receivable from other governments	-	-	26,497	26,497
Other receivables	-	-	1,825	1,825
Prepaid expenditures	28,800	-	-	28,800
Total Assets	406,917	1,220,443	479,056	2,106,416
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	20,185	-	12,161	32,346
Notes payable	252,400	-	-	252,400
Due to other funds	48,996	-	7,846	56,842
Other accrued expenditures	18,105	-	-	18,105
Total Liabilities	339,686	-	20,007	359,693
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	78,860	-	-	78,860
Unavailable revenue	-	765,707	-	765,707
Total Deferred Inflows of Resources	78,860	765,707	-	844,567
Fund balances (deficit):				
Nonspendable	28,800	-	-	28,800
Restricted	-	454,736	403,862	858,598
Assigned	-	-	55,666	55,666
Unassigned	(40,429)	-	(479)	(40,908)
Total Fund Balances (Deficit)	(11,629)	454,736	459,049	902,156
Total Liabilities and Fund Balances (Deficit)	$ 406,917	$ 1,220,443	$ 479,056	$ 2,106,416

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balance, governmental funds	$	902,156
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		4,633,515
Long-term Compensated Absences are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(46,466)
Long-term Leases Payable are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(7,666)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.		844,567
Net Position of Governmental Activities in the Statement of Net Position	$	6,326,106

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	EIP REVOLVING LOAN	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 1,330,859	$ -	$ 5,715	$ 1,336,574
Fees	-	-	41,333	41,333
Fines and forfeitures	149,074	-	-	149,074
Licenses and permits	49,760	-	-	49,760
Intergovernmental	118,808	-	569,522	688,330
Repayments	-	198,825	-	198,825
Charges for services	289,747	-	-	289,747
Investment earnings	1,001	1,556	220	2,777
Miscellaneous	132,823	-	14,395	147,218
Total Revenues	2,072,072	200,381	631,185	2,903,638
EXPENDITURES				
Current:				
General government	383,765	-	68,196	451,961
Public safety	933,752	-	-	933,752
Streets and sanitation	287,986	-	-	287,986
Solid waste	159,966	-	-	159,966
Culture and recreation	783	-	136,586	137,369
Economic development	102,061	-	-	102,061
Debt Service:				
Interest and other charges	12,477	-	13	12,490
Principal retirement	-	-	12,488	12,488
Capital outlay	-	-	379,979	379,979
Total Expenditures	1,880,790	-	597,262	2,478,052
Excess (Deficiency) of Revenues Over Expenditures	191,282	200,381	33,923	425,586
OTHER FINANCING SOURCES (USES)				
Transfers in	20,670	-	113,228	133,898
Transfers out	(128,228)	-	-	(128,228)
Total Other Financing Sources (Uses)	(107,558)	-	113,228	5,670
Net Change in Fund Balances	83,724	200,381	147,151	431,256
Fund Balances (Deficit) - Beginning of Year	(95,353)	254,355	311,898	470,900
Fund Balances (Deficit)- Ending of Year	$ (11,629)	$ 454,736	$ 459,049	$ 902,156

The accompaying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNEMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds:	$	431,256
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of $323,801 exceeded depreciation of $286,807 in the current period.		36,994
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Deferred revenues		(189,223)
Changes in long-term compensated absences		(13,616)
Repayment of principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities:		
Capital lease principal payments		5,728
Change in Net Position of Governmental Activities	$	271,139

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	ENTERPRISE FUNDS		
	WATER SEWER FUND	NON-MAJOR AIRPORT	TOTAL ENTERPRISE FUNDS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 112,074	$ 19,769	$ 131,843
Accounts receivable, net	161,520	-	161,520
Due from other funds	48,148	-	48,148
Prepaid expenses	14,900	-	14,900
Total Current Assets	336,642	19,769	356,411
Non-Current Assets			
Restricted Assets and Other Debits:			
Cash - water deposits	81,874	-	81,874
Total Restricted Assets	81,874	-	81,874
Capital Assets			
Land	79,534	-	79,534
Sewer system	6,443,760	-	6,443,760
Water system	3,138,380	-	3,138,380
Auto and trucks	63,743	-	63,743
Equipment and furniture	391,695	-	391,695
Total capital assets	10,117,112	-	10,117,112
Less Accumulated depreciation	(4,970,519)	-	(4,970,519)
Net Capital Assets	5,146,593	-	5,146,593
Total Non-Current Assets	5,228,467	-	5,228,467
Total Assets	$ 5,565,109	$ 19,769	$ 5,584,878

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	ENTERPRISE FUNDS		
	WATER SEWER FUND	NON-MAJOR AIRPORT	TOTAL ENTERPRISE FUNDS
LIABILITIES			
Current Liabilities			
Accounts payable	$ 1,872	$ -	$ 1,872
Accrued expenses	27,650	-	27,650
Due to other funds	-	2,869	2,869
Capital lease obligation	28,574	-	28,574
Current portion of long-term debt - Loans payable	102,391	-	102,391
Total Current Liabilities	160,487	2,869	163,356
Current liabilites (payable from restricted assets)			
Water Deposits	70,862	-	70,862
Total Current Liabilities (payable from restricted assets)	70,862	-	70,862
Non-Current Liabilities (payable from unrestricted assets)			
Capital lease obligation	27,482	-	27,482
Loans payable (net of current portion)	1,164,646	-	1,164,646
Total Non-Current Liabilites (payable from unrestricted assets)	1,192,128	-	1,192,128
Total Liabilites	1,423,477	2,869	1,426,346
NET POSITION			
Net investment in capital assets	3,823,500	-	3,823,500
Unrestricted	318,132	16,900	335,032
Total Net Position	$ 4,141,632	$ 16,900	$ 4,158,532

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	ENTERPRISE FUNDS		TOTAL ENTERPRISE FUNDS
	WATER SEWER FUND	NON-MAJOR AIRPORT	
Revenues			
Charges for services	$ 765,684	$ 42,765	$ 808,449
Total operating revenues	765,684	42,765	808,449
Operating Expenses			
Personal services	340,834	-	340,834
Contractual services	96,321	-	96,321
Other supplies and expenses	184,690	38,819	223,509
Depreciation	224,445	-	224,445
Total Operating Expenses	846,290	38,819	885,109
Operating Income (Loss)	(80,606)	3,946	(76,660)
Non-Operating Revenues (Expenses)			
Interest and investment revenue	1,121	70	1,191
Miscellaneous revenue	45,574	-	45,574
Interest expense	(49,756)	-	(49,756)
Total Non-Operating Revenue (Expenses)	(3,061)	70	(2,991)
Income (Loss) Before Contributions And Transfers	(83,667)	4,016	(79,651)
Capital grants and contributions	78,312	-	78,312
Transfers in	-	15,000	15,000
Transfers out	(20,670)	-	(20,670)
Total Other Financing Sources	57,642	15,000	72,642
Change in net position	(26,025)	19,016	(7,009)
Total net position - beginning	4,167,657	(2,116)	4,165,541
Total net position - ending	$ 4,141,632	$ 16,900	$ 4,158,532

The accompanying notes are an integral part of these statements.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	WATER SEWER FUND	NON-MAJOR AIRPORT	TOTAL ENTERPRISE FUNDS
Cash Flows From Operating Activities			
Cash received from customers	$ 762,567	$ 42,765	805,332
Cash paid to suppliers	(338,495)	(38,160)	(376,655)
Cash paid to employees	(340,970)	-	(340,970)
Net Cash Provided By Operating Activities	83,102	4,605	87,707
Cash Flows From Noncapital Financing Activities			
Cash received from transfer in	-	15,000	15,000
Cash paid for transfer out	(20,670)	-	(20,670)
Net Cash Provided By (Used In) Noncapital Financing Activities	(20,670)	15,000	(5,670)
Cash Flows From Capital And Related Financing Activities			
Principal paid on capital lease obligation	(79,512)		(79,512)
Principal paid on loans payable	(92,593)	-	(92,593)
Acquisition and contruction of capital assets	36,746	-	36,746
Interest paid	(49,756)	-	(49,756)
Net Cash (Used In) Capital And Related Activities	(185,115)	-	(185,115)
Cash Flows From Investing Activities			
Interest on cash deposits	1,121	70	1,191
Miscellaneous non-operating revenue	45,576	-	45,576
Net Cash Provided By Investing Activities	46,697	70	46,767
Net Increase (Decrease) In Cash	(75,986)	19,675	(56,311)
Cash Beginning of Year	269,934	94	270,028
Cash at End of Year	$ 193,948	$ 19,769	$ 213,717
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating Income (Loss)	$ (80,606)	$ 3,946	$ (76,660)
Adjustments To Reconcile Operating (Loss) To Net Cash Provided By Operating Activities:			
Depreciation	224,445	-	224,445
Change in Assets and Liabilities:			
Accounts receivable	(3,117)	-	(3,117)
Receivables from other governments	35,326	-	35,326
Due from other funds	(22,981)	-	(22,981)
Accounts payable	(60,483)	-	(60,483)
Accrued expenses	(136)	-	(136)
Customer deposits	2,854	-	2,854
Due to other funds	-	659	659
Net Cash Provided By Operating Activities	$ 83,102	$ 4,605	$ 87,707
Cash Per Financial Statements, Including Investments	$ 193,948	$ 19,769	$ 213,717
Total Cash	$ 193,948	$ 19,769	$ 213,717
Non-cash transactions:			
Non-cash capital contributions	$ 78,312	$ -	$ 78,312

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Homerville, Georgia operates under the leadership of the Mayor, City Manager and City Council consisting of four members and provides or assists in providing the following services: Public Safety (Police Department), Streets and Sanitation, Airport, Recreation, Fire Protection, Solid Waste, Code Enforcement, Water and Sewer Service, and general administrative and other services.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

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

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Reporting Entity

Standards published by the Governmental Accounting Standards Board (GASB) define the financial reporting entity as (a) the primary government, (b)organizations for which the primary government is financially responsible, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no organizations identified as component units of the City, as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The Housing Authority of the City of Homerville, Georgia is considered a related organization based upon the criteria in GASB Statement 14, 39, and 61. The Housing Authority is a legally separate entity having a board composed of members appointed by the City. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Homerville, Georgia is a related organization and is excluded from the reporting entity.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

Governmental Funds

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

General Fund The General Fund is used to account for all revenues and expenditures applicable to the general operations of City government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the general fund.

EIP Revolving Loan The fund accounts for financing capital projects in the Industrial Park. These improvements are financed through a federal grant.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital projects.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water & Sewer Fund The fund accounts for financing and costs of providing water and sewer services to residents of the City.

CITY OF HOMERVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Proprietary funds distinguish operating revenues and expenses from Nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and service. Operating expenses for enterprise funds and internal service 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.

D. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses verses expenditures.

F. Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from sales taxes are recognized in the period in which the sales are made. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the year when use is first permitted; matching requirements in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes, grants, interest, and rent.

G. Deferred Outflows/Inflows of Resources

The City has adopted GASB Statement no. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position.* This standard modified terminology and presentation of certain accounts.

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent 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 unavailable revenue, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category on the governmental funds balance sheet.

The following amounts are deferred and recognized as an inflow of resources in the period that the amounts become available:

Unavailable Revenue	General Fund	EIP Revolving Loan
Property taxes	$ 78,860	$ -
Unavailable revenue	-	765,707
	$ 78,860	$ 765,707

H. Expenses/ Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

I. FASB Statements and Interpretations

For Proprietary activities, all FASB Statements and Interpretations issued after November 30, 1989 have been applied except for those that conflict with or contradict GASB pronouncements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

J. Budgets and Budgetary Accounting

An annual budget is adopted (as required by law) by the City for the general and special revenue funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

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

1. The City Manager submits to the City Council a proposed operating budget in May for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall.
3. The budget is legally enacted through passage of an ordinance in June.
4. Any budget revisions requiring additional expenditures must be approved by the City Council.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

Budgets were adopted for the general fund and the following funds:

Special revenue funds: Better Hometown, Recreation Department, Hotel/Motel Tax, and EIP Revolving Loan.

Capital project funds: SPLOST, Airport Improvements, Tree Bank, Rec SPLOST 2015, SPLOST 2015, CDBG 2015, and T-SPLOST.

K. Cash and Cash Equivalents

For the proprietary fund types a statement of cash flows is presented, as is required by GASB Statement 9, instead of a statement of changes in financial position. For this statement, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant rates of changes in value because of changes in interest rates.

L. Investments

The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks located within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government.

All investments are stated at market value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Capital Assets

General capital assets are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

The cost of infrastructure assets, including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems acquired during the current fiscal year is recorded in the government-wide financial statements. The City is not required to and will not record acquisitions prior to June 30, 2003.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Building and Building Improvements	20-40 years
Machinery and Equipment	5-20 years
Infrastructure	15-40 years

N. Inventories

Materials purchased are shown as expenditures when acquired and are not inventories at June 30, 2019 due to lack of materiality.

O. Allowance For Doubtful Accounts

The City provides an allowance for the Water and Sewer Fund accounts receivable and the Property tax accounts receivable that may be uncollectible. At June 30, 2019, the allowances are $11,528 and $16,000, respectively. No other allowances for uncollectible accounts receivable are necessary. All other accounts receivable are considered collectible as reported at June 30, 2019.

P. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Q. Accrued and Long - Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

R. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund 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. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use whether through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. The City Council also may modify or rescind the commitment by the same formal action.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position - Net position represent the difference between assets and liabilities. Net investment in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when as described in the fund balance section above. All other net position is reported as unrestricted.

S. Prepaid Expenditures

Payments made to various vendors for items or services for a future period are recorded as prepaid expenditures.

T. Estimates

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

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds' expenditures/expenses exceeded appropriations:

	Expenditures/ Expenses Actual	Appropriations	Amount Exceeding Appropriations
Fund Level			
General Fund	$ 2,009,018	$ 1,825,981	$ 183,037
Departmental Level			
General Fund			
Public Safety	933,752	750,385	183,367
Streets and Sanitation	287,986	258,450	29,536
Solid Waste	159,966	147,700	12,266
Economic Development	102,061	70,608	31,453
Debt Service	12,477	-	12,477

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

As of June 30, 2019, the carrying amount of the City's bank deposits was $1,346,059 and the respective bank balances was $1,303,636. Of the total bank balance, $281,758 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $1,021,878 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the city.

As of June 30, 2019, the City's carrying amount of deposits, related bank balances, and other cash, were as follows:

	Carrying Amount	Bank Balance
Demand deposits	$ 1,345,719	$ 1,303,636
Petty Cash	340	-
Totals	$ 1,346,059	$ 1,303,636

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2019, $1,021,878 of the City's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

NOTE 4 - PROPERTY TAXES

Property taxes attach an enforceable lien on property on December 20. Taxes are levied on September 30 and are payable by December 20. City property taxes are recognized to the extent that they result in current receivables at June 30.

NOTE 5 – HOTEL/MOTEL LODGING TAX

The City of Homerville levies a 7% hotel motel lodging tax of which 7% is designated for the promotion of tourism through the City's Better Hometown Program. All of the tourism funds are provided to the Better Hometown program which amounted to $5,715 and were utilized for the promotion of tourism as required by O.C.G.A 48-13-51(a)(3.7). The balance of funds was used by the City to assist with appropriations to the Better Hometown program bringing the total expenditures to 100% of revenues.

NOTE 6 - CAPITAL ASSETS

A summary of changes in fixed assets for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Primary Government				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$ 67,386	$ -	$ -	$ 67,386
Construction in Progress	168,497	175,890	344,387	-
Depreciable Capital Assets:				
Buildings	1,074,038	-	-	1,074,038
Machinery and Equipment	2,079,702	75,136	-	2,154,838
Infrastructure	4,226,889	417,162	-	4,644,051
Total Capital Assets	7,616,512	668,188	344,387	7,940,313
Less Accumulated Depreciation For:				
Buildings	(396,663)	(28,935)	-	(425,598)
Machinery and Equipment	(1,761,402)	(124,144)	-	(1,885,546)
Infrastructure	(861,926)	(133,728)	-	(995,654)
Governmental Activities Capital Assets, Net	4,596,521	381,381	344,387	4,633,515
Business-Type Activities:				
Nondepreciable Capital Assets:				
Land and Improvements	79,534	-	-	79,534
Construction in Progress	635,831	50,852	686,683	-
Depreciable Capital Assets:				
Sewer System	6,392,909	50,851	-	6,443,760
Water System	2,472,799	665,581	-	3,138,380
Auto and Trucks	63,743	-	-	63,743
Equipment and Furniture	378,641	13,054	-	391,695
Total Capital Assets	10,023,457	780,338	686,683	10,117,112
Less Accumulated Depreciation:	(4,746,075)	(224,444)	-	(4,970,519)
Business-Type Activities Capital Assets, Net	5,277,382	555,894	686,683	5,146,593
	$ 9,873,903	$ 937,275	$ 1,031,070	$ 9,780,108

NOTE 6 - CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	$ 49,627
Public Safety	99,815
Streets and Sanitation	99,624
Airport	37,741
Total Depreciation Expense-Governmental Activities	$ 286,807

NOTE 7 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan. The plan, available to all employees, permits them to defer a portion of their salary until future years. The employee can participate in a 457B plan whereby the employee contributes up to $17,500 per year. The City contributes 7% of the employees' wages to the 401A plan, a defined contribution plan. The City's and the employees' contributions to the plan for the year ended June 30, 2019 were $29,533 and $0, respectively. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan is administered by Metropolitan Life Insurance. The plan was authorized by an ordinance enacted by the City Council. The plan establishes the contribution rate allowed by the employees and the City.

NOTE 8 – SHORT-TERM NOTES PAYABLE

Governmental Activities:

Short-term notes payable at June 30, 2019 are comprised of the following individual issues:

$252,400 Tax Anticipation Note due to Farmer`s and Merchants bank for operating expenses due December 15, 2019 with an interest rate of 4.00%.	$ 252,400
Total	$ 252,400

The following is a summary of short-term debt transactions of the City for the year ended June 30, 2019:

	Balance June 30, 2018	Issues or Additions	Payments or Expenditures	Balance June 30, 2019	Amount Due Within One Year
Governmental Funds					
Notes Payable	$ 292,423	$ 252,400	$ 292,423	$ 252,400	$ 252,400
Total	$ 292,423	$ 252,400	$ 292,423	$ 252,400	$ 252,400

NOTE 9 - LONG-TERM OBLIGATIONS

Business – Type Activities

Bonds payable and long-term debt at June 30, 2019 are comprised of the following individual issues:

$750,000 W & S Treatment Plant Promissory Note, due in annual installments with principal payments varying from $5,000 to $80,000 from June 2008 through June 2027, interest at 4.990% (serviced by Water and Sewer Enterprise Fund).	$	500,000
$755,000 W & S Wetlands Promissory Note, due in monthly installments of $4,766 from November 2007 through November 2026, interest at 4.510% (serviced by Water and Sewer Enterprise Fund).		399,916
$381,499 W & S Construction Note with GEFA for upgrades to the City's water and sewer system, due in monthly installments of $1,760 through August 2038, interest at the rate of 1.03% (service by Water and Sewer Enterprise Fund).		367,121
Total	$	1,267,037

The requirements to amortize the loans and bonds outstanding as of June 30, 2019 are as follows:

	W&S Treatment Plant		W&S Wetlands		GEFA DWSRF			
Year Ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Total All Principal	Total All Interest
2020	$ 45,000	$ 24,950	$ 39,975	$ 17,217	$ 17,416	$ 3,699	$ 102,391	$ 45,866
2021	50,000	22,705	41,816	15,376	17,596	3,519	109,412	41,600
2022	55,000	20,210	43,741	13,451	17,778	3,337	116,519	36,998
2023	60,000	17,465	45,755	11,437	17,962	3,153	123,717	32,055
2024	65,000	14,471	47,862	9,330	18,148	2,967	131,010	26,768
2025-2029	225,000	22,955	180,767	23,933	93,597	11,979	499,364	58,867
2030-2034	-	-	-	-	98,541	7,035	98,541	7,035
2035-2038	-	-	-	-	86,083	1,897	86,083	1,897
Total	$ 500,000	$ 122,756	$ 399,916	$ 90,744	$ 367,121	$ 37,586	$ 1,267,037	$ 251,086

NOTE 10 – CAPITAL LEASES

The city has entered into lease agreements as the lessee for financing the acquisition of various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Accumulated amortization resulting from the equipment leased is included with depreciation expense.

The equipment leased under capital leases as of June 30, 2019 consisted of the following:

	Government-Type Activities	Business-Type Activities
Ford F-150	$ 50,507	$ -
Mobile LPR 3-Camera System	22,620	-
Caterpillar Backhoe	-	85,136
545 Model Jetter	-	52,901
	73,127	138,037
Less Accumulated Depreciation	(33,863)	(53,451)
Total	$ 39,264	$ 84,586

Current year amortization of assets recorded under capital leases totaled $14,626 for governmental activities and $19,093 for business-type activities and is included in depreciation expense.

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2019:

Year Ending June 30:	Governmental-Type Activities	Business-Type Activities
2020	$ 6,384	$ 30,815
2021	1,596	13,905
2022	-	12,367
2023	-	3,121
2024	-	-
Total Minimum Lease Payments	7,980	60,208
Less: Amount Representing Interest	(314)	(4,152)
Present Value of Future Minimum Lease Payments	$ 7,666	$ 56,056

NOTE 11 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

	Balance June 30, 2018	Issues or Additions	Payments or Expenditures	Balance June 30, 2019	Amount Due Within One Year
Governmental Funds					
Capital leases payable	$ 13,394	$ -	$ 5,728	$ 7,666	$ 6,086
Accrued benefits payable	32,850	13,616	-	46,466	-
Total	46,244	13,616	5,728	54,132	6,086
Proprietary Fund Types					
Capital leases payable	83,476	-	27,421	56,055	28,574
Loans payable	1,359,630	-	92,593	1,267,037	102,391
Accrued benefits payable	12,528	-	474	12,054	-
Total	1,455,634	-	120,488	1,335,146	130,965
Total All Funds	$ 1,501,878	$ 13,616	$ 126,216	$ 1,389,278	$ 137,051

The general fund has been used to liquidate the accrued benefits payable in prior years.

NOTE 12 - INTERFUND TRANSFERS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds.

Transfers between funds during the year ended June 30, 2019 were as follows:

	Transfers In	Transfers Out
General Fund	$ 20,670	$ 128,228
Better Hometown Fund	48,000	-
Water Sewer Fund	-	20,670
Airport Fund	15,000	-
Recreation Department Fund	65,228	-
	$ 148,898	$ 148,898

NOTE 13 – INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded.

Individual fund interfund receivable and payable balances at June 30, 2019 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 11,413	$ 48,996
Better Hometown Fund	150	2,869
Airport Fund	-	2,869
Recreation Department Fund	-	4,977
Water Sewer Fund	48,148	-
	$ 59,711	$ 59,711

NOTE 14 – FUND EQUITY

Fund balances at June 30, 2019 are classified as follows:

Nonspendable – The following fund balances are nonspendable because they are allocated to:

General Fund:	
Prepaid items	$ 28,800
Total	$ 28,800

NOTE 14 – FUND EQUITY, CONTINUED

Restricted – The following fund balances are restricted for:

Special Revenue Funds:	
EIP Revolving Loan Fund - used to account for financing capital projects in the Industrial Park through a federal grant.	$ 454,736
Total Restricted Fund Balance - Special Revenue Funds	454,736
Capital Projects Funds:	
SPLOST Fund - used to account for capital projects financed with special purpose local option sales tax that was approved in 2009 by referendum.	6
Recreation SPLOST 2015 - used to account for capital projects financed with special purpose local option sales tax that was approved in 2015 by referendum	66,340
SPLOST 2015 Fund - used to account for capital projects financed with special purpose local options sales tax that was approved in 2015 by referendum.	309,033
T-Splost Fund - used to account for capital projects financed with transportation special purpose local option sales tax.	27,446
CDBG 2015 Fund - used to account for financing capital projects through CBDG grant funds received from federal agancies.	10
Tree Bank Fund - used to account for capital project to plant and install trees on public property, parks, and other approved property within the city.	1,027
Total Restricted Fund Balance - Capital Project Funds	403,862
Total Restricted Fund Balance	$ 858,598

Assigned – The following fund balances are assigned to:

Special Revenue Funds:	
Recreation Department Fund - used to account for activities of the Parks & Recreation department, which administers operations of all City parks.	$ 55,666
Total	$ 55,666

NOTE 14 – FUND EQUITY, CONTINUED

Unassigned – The following fund balances are unassigned:

General Fund	$ (40,429)
Special Revenue Funds:	
Better Hometown Fund - negative assigned fund balance reported as unassigned.	(479)
Total	$ (40,908)

NOTE 15 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the eight county south eastern Georgia area, is a member of the Southeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2019 the City paid $3,000 in such dues. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Southeast Georgia Regional Development Center
3395 Harris Road
Waycross, Georgia 31503

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Litigation

The City's attorney has advised that there are no pending litigation cases against the City as of June 30, 2019.

B. Contingent Liabilities

The City receives various grants and other funding from the State of Georgia and related agencies. Some of these funds have spending restrictions and are subject to compliance audits. The City is not aware of any contingent liabilities associated with these funds.

NOTE 17 - RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major risks. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverages for the current or any previous year.

The City of Homerville is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:	
Building and Contents (Blanket)	$13,979,289
Automobile Physical Damage	Actual Cash Value
COVERAGE DESCRIPTION – CASUALTY:	
Comprehensive General Liability and Law Enforcement Liability	$1,000,000
Automobile Liability	$1,000,000
Errors and Omissions (Public Officials) Liability	$1,000,000
Employee Benefits Liability	$1,000,000
COVERAGE DESCRIPTION – CRIME:	
Blanket Bond – employees required to be bonded as required by State Law or Local Ordinance	
Blanket Bond – all other employees	$ 500,000
Forgery or Alteration	$ 500,000
Computer Crime	$ 500,000
Money and Securities	$ 500,000
DEDUCTIBLE:	
All coverages are subject to a per occurrence deductible of	$ 2,500
COVERAGE EXCEPTIONS:	
COVERAGES SUBJECT TO A RETROACTIVE DATE:	
Coverages shown as Coverage Exceptions only are subject to a retroactive date of	1/1/91

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

NOTE 17 - RISK MANAGEMENT, CONTINUED

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

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss prevention furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Homerville retains the first $2,500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $2,500 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

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

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

NOTE 17 - RISK MANAGEMENT, CONTINUED

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

NOTE 18 – SUBSEQUENT EVENTS

Subsequent to year end, the COVID–19 pandemic developed rapidly in 2020 and measures to contain the virus have had significant impacts on economic activity across the country. The City of Homerville has taken and continues to take measures to monitor and mitigate the effects of the virus. These measures include but are not limited to the acquisition of personal protective equipment, the implementation of social distancing, and temporarily limiting access to City facilities. The City will continue to follow CDC guidance to safeguard the wellbeing of its citizens and employees. While the current pandemic has impacted certain revenues, the City has received assistance in the form of Cares Act funding and has not seen a significant impact to its overall fiscal condition. It is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations.

CITY OF HOMERVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	$ 1,231,350	$ 1,231,350	$ 1,330,859	$ 99,509
Fees and fines	150,000	150,000	149,074	(926)
Licenses and permits	50,615	50,615	49,760	(855)
Charges for services	212,650	212,650	289,747	77,097
Investment earnings	150	150	1,001	851
Intergovernmental	70,068	70,068	118,808	48,740
Miscellaneous	111,148	111,148	132,823	21,675
Transfers In	-	-	20,670	20,670
Total Revenues	1,825,981	1,825,981	2,092,742	266,761
Expenditures				
Current:				
General government	401,915	401,915	383,765	18,150
Public safety	750,385	750,385	933,752	(183,367)
Streets and sanitation	258,450	258,450	287,986	(29,536)
Solid waste	147,700	147,700	159,966	(12,266)
Culture and recreation	4,400	4,400	783	3,617
Code enforcement	47,495	47,495	-	47,495
Economic development	70,608	70,608	102,061	(31,453)
Debt Service:				
Interest and other charges	-	-	12,477	(12,477)
Transfers out	145,028	145,028	128,228	16,800
Total Expenditures	1,825,981	1,825,981	2,009,018	(183,037)
Excess Of Revenues Over Expenditures	-	-	83,724	83,724
Fund Balances (Deficit) - Beginning of Year	(95,353)	(95,353)	(95,353)	-
Fund Balances (Deficit)- Ending of Year	$ (95,353)	$ (95,353)	$ (11,629)	$ 83,724

CITY OF HOMERVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
EIP REVOLVING LOAN
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Repayments	$ 84,115	$ 84,115	$ 198,825	$ 114,710
Interest	445	445	1,556	1,111
Total Revenues	84,560	84,560	200,381	115,821
Expenditures				
Capital Outlay	84,560	84,560	-	84,560
Total Expenditures	84,560	84,560	-	84,560
Excess (Deficiency) Of Revenues Over Expenditures	-	-	200,381	200,381
Fund Balances - Beginning of Year	254,355	254,355	254,355	-
Fund Balances - Ending of Year	$ 254,355	$ 254,355	$ 454,736	$ 200,381

CITY OF HOMERVILLE, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	SPECIAL REVENUE			CAPITAL PROJECTS		
	BETTER HOMETOWN	RECREATION DEPARTMENT	HOTEL/MOTEL TAX	REC SPLOST 2015	SPLOST 2015	SPLOST
ASSETS						
Cash and cash equivalents	$ 1,708	$ 68,708	$ -	$ 60,908	$ 291,369	$ 2,809
Due from other funds	150	-	-	-	-	-
Receivable from other governments	-	-	-	5,432	17,664	-
Other receivables	1,825	-	-	-	-	-
Total Assets	3,683	68,708	-	66,340	309,033	2,809
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	1,293	8,065	-	-	-	2,803
Due to other funds	2,869	4,977	-	-	-	-
Total Liabilities	4,162	13,042	-	-	-	2,803
Fund balances (deficit):						
Restricted	-	-	-	66,340	309,033	6
Assigned	-	55,666	-	-	-	-
Unassigned	(479)	-	-	-	-	-
Total Fund Balances (Deficit)	(479)	55,666	-	66,340	309,033	6
Total Liabilities and Fund Balances (Deficit)	$ 3,683	$ 68,708	$ -	$ 66,340	$ 309,033	$ 2,809

CITY OF HOMERVILLE, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	CAPITAL PROJECTS				
	T-SPLOST	AIRPORT IMPROVEMENTS FUND	CDBG 2015	TREE BANK FUND	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	$ 24,045	$ -	$ 10	$ 1,027	$ 450,584
Due from other funds	-	-	-	-	150
Receivable from other governments	3,401	-	-	-	26,497
Other receivables	-	-	-	-	1,825
Total Assets	27,446	-	10	1,027	479,056
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	-	-	-	-	12,161
Due to other funds	-	-			7,846
Total Liabilities	-	-	-	-	20,007
Fund balances (deficit):					
Restricted	27,446	-	10	1,027	403,862
Assigned	-	-	-	-	55,666
Unassigned	-	-	-	-	(479)
Total Fund Balances (Deficit)	27,446	-	10	1,027	459,049
Total Liabilities and Fund Balances (Deficit)	$ 27,446	$ -	$ 10	$ 1,027	$ 479,056

CITY OF HOMERVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE			CAPITAL PROJECTS		
	BETTER HOMETOWN	RECREATION DEPARTMENT	HOTEL/MOTEL TAX	REC SPLOST 2015	SPLOST 2015	SPLOST
REVENUES						
Taxes	$ -	$ -	$ 5,715	$ -	$ -	$ -
Fees	-	41,333	-	-	-	-
Intergovernmental	-	51,251	-	61,045	200,750	-
Investment earnings	6	212	-	-	-	2
Miscellaneous	14,395	-	-	-	-	-
Total Revenues	14,401	92,796	5,715	61,045	200,750	2
EXPENDITURES						
Current:						
General government	62,481	-	5,715	-	-	-
Culture and recreation	-	136,586	-	-	-	-
Debt Service:						
Interest and other charges	-	-	-	13	-	-
Principal retirement	-	-	-	12,488	-	-
Capital outlay	-	-	-	3,336	147,613	-
Total Expenditures	62,481	136,586	5,715	15,837	147,613	-
Excess (Deficiency) of Revenues Over Expenditures	(48,080)	(43,790)	-	45,208	53,137	2
OTHER FINANCING SOURCES (USES)						
Transfers in	48,000	65,228	-	-	-	-
Total Other Financing Sources (Uses)	48,000	65,228	-	-	-	-
Net Change in Fund Balances	(80)	21,438	-	45,208	53,137	2
Fund Balances (Deficit) - Beginning of Year	(399)	34,228	-	21,132	255,896	4
Fund Balances (Deficit) - Ending of Year	$ (479)	$ 55,666	$ -	$ 66,340	$ 309,033	$ 6

CITY OF HOMERVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS				
	T-SPLOST	AIRPORT IMPROVEMENTS FUND	CDBG 2015	TREE BANK FUND	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 5,715
Fees	-	-	-	-	41,333
Intergovernmental	29,734	175,890	50,852	-	569,522
Investment earnings	-	-	-	-	220
Miscellaneous	-	-	-	-	14,395
Total Revenues	29,734	175,890	50,852	-	631,185
EXPENDITURES					
Current:					
General government	-	-	-	-	68,196
Culture and recreation	-	-	-	-	136,586
Debt Service:					
Interest and other charges	-	-	-	-	13
Principal retirement	-	-	-	-	12,488
Capital outlay	2,288	175,890	50,852	-	379,979
Total Expenditures	2,288	175,890	50,852	-	597,262
Excess (Deficiency) of Revenues Over Expenditures	27,446	-	-	-	33,923
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	113,228
Total Other Financing Sources (Uses)	-	-	-	-	113,228
Net Change in Fund Balances	27,446	-	-	-	147,151
Fund Balances (Deficit) - Beginning of Year	-	-	10	1,027	311,898
Fund Balances (Deficit) - Ending of Year	$ 27,446	$ -	$ 10	$ 1,027	$ 459,049

CITY OF HOMERVILLE, GEORGIA

BETTER HOMETOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Interest	$ 100	$ 100	$ 6	$ 94
Miscellaneous	34,960	34,960	14,395	20,565
Operating Transfers In	51,800	51,800	48,000	3,800
Total Revenues	86,860	86,860	62,401	24,459
Expenditures:				
General Government	81,513	81,513	62,481	19,032
Total Expenditures	81,513	81,513	62,481	19,032
Revenues Over (Under) Expenditures	5,347	5,347	(80)	(5,427)
Fund (Deficit) - Beginning	(399)	(399)	(399)	-
Fund Balance (Deficit) - Ending	$ 4,948	$ 4,948	$ (479)	$ (5,427)

CITY OF HOMERVILLE, GEORGIA

RECREATION DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Fees	$ 18,005	$ 18,005	$ 41,333	$ (23,328)
Integovernmental	55,910	55,910	51,251	4,659
Interest	-	-	212	(212)
Transfers In	60,000	60,000	65,228	(5,228)
Total Revenues	133,915	133,915	158,024	(24,109)
Expenditures:				
Miscellaneous	133,915	133,915	136,586	(2,671)
Total Expenditures	133,915	133,915	136,586	(2,671)
Revenues And Other Financing Sources Over Expenditures	-	-	21,438	(21,438)
Fund Balance - Beginning	34,228	34,228	34,228	-
Fund Balance - Ending	$ 34,228	$ 34,228	$ 55,666	$ (21,438)

CITY OF HOMERVILLE, GEORGIA

HOTEL/MOTEL TAX

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous Taxes	$ 10,500	$ 10,500	$ 5,715	$ 4,785
Total Revenues	10,500	10,500	5,715	4,785
Expenditures:				
Culture and Recreation	10,500	10,500	5,715	4,785
Total Expenditures	10,500	10,500	5,715	4,785
Revenues And Other Financing Sources Over Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ -	$ -

CITY OF HOMERVILLE, GEORGIA

REC SPLOST 2015
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ 57,930	$ 57,930	$ 61,045	$ (3,115)
Total Revenues	57,930	57,930	61,045	(3,115)
Expenditures:				
Capital Outlay	-	-	3,336	(3,336)
Principal Retirement	55,995	55,995	12,488	43,507
Interest and Other Charges	1,935	1,935	13	1,922
Total Expenditures	57,930	57,930	15,837	42,093
Revenues And Other Financing Sources Over Expenditures	-	-	45,208	(45,208)
Fund Balance - Beginning	21,132	21,132	21,132	-
Fund Balance - Ending	$ 21,132	$ 21,132	$ 66,340	$ (45,208)

CITY OF HOMERVILLE, GEORGIA

SPLOST 2015

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ 187,800	$ 187,800	$ 200,750	$ (12,950)
Total Revenues	187,800	187,800	200,750	(12,950)
Expenditures:				
Capital Outlay	187,800	187,800	147,613	40,187
Total Expenditures	187,800	187,800	147,613	40,187
Revenues And Other Financing Sources Over Expenditures	-	-	53,137	(53,137)
Fund Balance - Beginning	255,896	255,896	255,896	-
Fund Balance - Ending	$ 255,896	$ 255,896	$ 309,033	$ (53,137)

CITY OF HOMERVILLE, GEORGIA

SPLOST
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Interest earnings	$ -	$ -	$ 2	$ (2)
Total Revenues	-	-	2	(2)
Expenditures:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Revenues And Other Financing Sources Over Expenditures	-	-	2	(2)
Fund Balance - Beginning	4	4	4	-
Fund Balance - Ending	$ 4	$ 4	$ 6	$ (2)

CITY OF HOMERVILLE, GEORGIA

CDBG 2015

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ 50,852	$ 50,852
Total Revenues	-	-	50,852	50,852
Expenditures:				
Capital Outlay	-	-	50,852	(50,852)
Total Expenditures	-	-	50,852	(50,852)
Revenues And Other Financing Sources Over Expenditures	-	-	-	101,704
Fund Balance - Beginning	10	10	10	-
Fund Balance - Ending	$ 10	$ 10	$ 10	$ -

CITY OF HOMERVILLE, GEORGIA

T-SPLOST
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ 29,734	$ (29,734)
Total Revenues	-	-	29,734	(29,734)
Expenditures:				
Capital Outlay	-	-	2,288	(2,288)
Total Expenditures	-	-	2,288	(2,288)
Revenues And Other Financing Sources Over Expenditures	-	-	27,446	(27,446)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ 27,446	$ (27,446)

CITY OF HOMERVILLE, GEORGIA

AIRPORT IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ -	$ -	$ 175,890	$ (175,890)
Total Revenues	-	-	175,890	(175,890)
Expenditures:				
Capital Outlay	-	-	175,890	(175,890)
Total Expenditures	-	-	175,890	(175,890)
Revenues And Other Financing Sources Over Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ -	$ -

CITY OF HOMERVILLE, GEORGIA

TREE BANK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures:				
Interest and Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Revenues And Other Financing Sources Over Expenditures	-	-	-	-
Fund Balance - Beginning	1,027	1,027	1,027	-
Fund Balance - Ending	$ 1,027	$ 1,027	$ 1,027	$ -

CITY OF HOMERVILLE, GEORGIA
SPECIAL LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2019

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Roads, Streets, Drainage and Bridges	$ 217,424	$ 478,560	$ 478,560	$ -	$ 478,560	100.00%
Construction of, Improvements to, and Equipment for Homerville City Hall	500,000	216,836	216,836	-	216,836	100.00%
Construction of, Improvements to, and Equipment for Public Meeting and Community Event Facilities	400,000	106,397	106,397	-	106,397	100.00%
Public Safety and Emergency Vehicles, Equipment and Facilities	396,400	628,330	628,330	-	628,330	100.00%
Construction of and Improvements to Water System	100,000	140,235	140,235	-	140,235	100.00%
Totals	$ 1,613,824	$ 1,570,358	$ 1,570,358	$ -	$ 1,570,358	

CITY OF HOMERVILLE, GEORGIA
REC SPECIAL LOCAL OPTION SALES TAX 2015
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2019

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Parks and Recreation Improvements and Equipment	$ 370,000	$ 370,000	$ 76,983	$ 3,336	$ 80,319	21.71%
Debt service for parks and recreation improvements and equipment	-	50,000	48,962	12,501	61,463	122.93%
Totals	$ 370,000	$ 420,000	$ 125,945	$ 15,837	$ 141,782	

CITY OF HOMERVILLE, GEORGIA
SPECIAL LOCAL OPTION SALES TAX 2015
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2019

	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Roads, Streets, Drainage and Bridges	$ 253,129	$ 253,129	$ 88,010	$ 70,578	$ 158,588	62.65%
Construction of, Improvements to, and Equipment for Homerville Municipal Complex	200,000	200,000	13,904	5,200	19,104	9.55%
Construction of, Improvements to, and Equipment for Public Meeting and Community Event Facilities	300,000	300,000	3,865	1,615	5,480	1.83%
Public Safety and Emergency Vehicles, Equipment and Facilities	300,000	300,000	103,130	70,220	173,350	57.78%
Construction of and Improvements to Water System	150,000	150,000	8,741	-	8,741	5.83%
Totals	$ 1,203,129	$ 1,203,129	$ 217,650	$ 147,613	$ 365,263	

Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

Members of American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

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

To the Honorable Mayor and Members of the City Council
City of Homerville, 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, each major fund, and the aggregate remaining fund information of the City of Homerville, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Homerville, Georgia's basic financial statements and have issued our report thereon dated September 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Homerville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Homerville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Homerville, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

We did identify certain deficiencies in internal control, described in the accompanying audit findings on compliance as 2019-1 through 2019-2, that we consider to be significant deficiencies.

Compliance and Other Matters

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

City of Homerville, Georgia's Response to Findings

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

Purpose of this Report

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

Henderson & Godbee, LLP

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

September 22, 2021

CITY OF HOMERVILLE, GEORGIA
AUDIT FINDINGS ON COMPLIANCE
YEAR ENDED JUNE 30, 2019

Current Year Findings

2019-1

Criteria: A fundamental concept in a quality system of internal control is the separation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition – Lack of Segregation of Duties – City and Police Accounting Department: Due to a limited number of people working in the City and police accounting department, many critical duties are combined and given to one employee.

Cause: In the city and police accounting department, there is not an adequate number of employees to provide for the proper segregation of duties and a plan has not been developed to assign duties or implement compensation controls to improve checks and balances in the control system.

Effect: This condition represents a significant deficiency in the design or operation of the City's internal control structure and could possibly adversely affect the City's ability to record, process, summarize, and report financial data consistent with assertions of management in the City's financial statements.

Recommendation: The City should develop a plan to improve the lack of segregation of duties in the departments. The assignment of responsibilities should be developed to provide adequate segregation of duties.

Management Response: The City concurs with the finding and will work where possible to create better separation of duties.

2019-2

Criteria: A fundamental concept in a quality system of internal control is the timeliness of accurate financial reporting.

Conditions: – Timeliness of Accurate Financial Reporting: Due to accounting staff turnover and a computer software conversion, the City did not produce timely accurate financial reports.

Cause: The City had accounting staff turnover and a computer software conversion that reduced its ability to produce accurate accounting records on a timely basis.

Effect: This condition represents a significant deficiency in the design or operation of the City's internal control structure and could possibly adversely affect the City's ability to record, process, summarize, and report accurate financial data consistent with management's assertions in the City's financial statements.

Recommendation: The City should develop a plan to cross-train accounting staff and/or employ outside consulting to record, process, and report financial data. The cross-training and outside consulting should improve the City's ability to produce timely accurate financial reporting.

Management Response: The City concurs with the finding and since, has hired a consultant to assist the City's efforts to produce more timely accurate financial reporting.

Status of Prior Year Findings

2018-1

Condition: Due to a limited number of people working in the City and police accounting department, many critical duties are combined and given to one employee.

Management Response: The City concurs and the finding was repeated again this year. The limited number of employees involved in the police department and the resulting overlapping of duties causes segregation of duties to be difficult.

2018-2

Condition: Due to accounting staff turnover and a computer software conversion, the City did not produce timely and accurate financial reports.

Management Response: The City concurs and the finding and since, has hired a consultant to assist the City's efforts to produce more timely accurate financial reporting.

DEPARTMENT OF AUDITS AND ACCOUNTS
NONPROFIT AND LOCAL GOVERNMENT AUDITS

270 Washington Street, S.W., Room 4-101
Atlanta, Georgia 30334-8400
Telephone (404) 656-9145

GREG S. GRIFFIN
STATE AUDITOR

February 11, 2022

Dear Chief Elected Official:

We have reviewed the following information submitted to our office for City of Homerville for the fiscal year ended June 30, 2019. This letter summarizes the results of our review of your original audit report and original corrective action plan. This letter addresses only items noted during our review that differ from authoritative sources.

No items were identified for immediate correction during our review. We appreciate your efforts and the efforts of your independent auditor in meeting the reporting requirements for Georgia local governments.

Corrective Action Plan

Please see the Corrective Action Plan Review Results page at the end of this letter. This page lists findings either noted by your auditor or by our Department during our review. As of the date of this letter **we have not received your corrective action plan for the findings noted.** According to the O.C.G.A., Sections 36-81-7, 50-8-35, and 50-8-39, the audit report is due within 180 days after the close of your fiscal year and the corrective action plan is due 30 days after the audit report due date. Please submit your corrective action plan as soon as possible to ensure your compliance with state law. Upon receipt, we will review your corrective action plan for completeness. Corrective action plans should be considered acceptable unless we notify you otherwise.

Department Contact

If you have any questions regarding the review process, please contact Sunila Birmingham by email at birmingh@audits.ga.gov or by telephone at 404-732-9102.

Sincerely,

Jacqueline E. Neubert
Manager

cc: City Manager
Finance Director
Henderson & Godbee, CPAs

City of Homerville
FYE June 30, 2019

Corrective Action Plan Review Results

I. The corrective action plan should address all findings and/or recommendations disclosed in the audit report. No corrective action plan was received on the following finding(s).

a. Expenditures exceeded appropriations at the legal level of control. See page 21.

The corrective action plan for each finding or recommendation noted above should contain all of the following elements:

1. Provide a statement of concurrence or nonconcurrence with the finding or recommendation. If your organization does not agree with a finding, specific information should be provided by your organization to support its position.

2. Detail actions taken or planned to correct deficiencies identified in the report. For planned actions, your organization should provide projected dates for completion of major tasks. Officials responsible for completing the proposed actions should also be identified (by title only). Outline a plan for monitoring adherence to the corrective action plan.

3. If your organization believes a questioned cost is an allowable cost, a statement providing reasons for your organization's position should be included.

4. If the cost is questioned because your organization failed to provide the auditors with documentation supporting the allowability of questioned costs, and the documentation subsequently becomes available, your organization should describe how the records document the allowability of the costs.

5. If your organization determines that the questioned costs are unallowable or that the charges cannot be supported, your organization should provide a statement to that effect.

6. If your organization has documents, correspondence, or other supporting documentation on file which is pertinent to your organization's response, make specific reference to such items in the response. Do not include any of the referenced material as an "attachment" to the response.